



# Budget Overview





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**October 1, 2007**

**Mayor and Council  
City of Huntsville  
1212 Avenue M  
Huntsville, Texas 77340**

Honorable Mayor and Members of Council:

We are pleased to present the Official Annual Budget for the City of Huntsville for the fiscal year 2007-2008. This document contains spending plans and revenue estimates as adopted by the City Council on September 4, 2007. The total fiscal year 2007-2008 operating and capital budget excluding transfers is \$58,676,324. This budget is supported by a tax rate of 41.35 cents per one-hundred dollars of assessed taxable valuation, a 1.4% decrease from the prior year tax rate.

### *Striving for Excellence*

For the past two years the City's leadership has been working to bring the City of Huntsville's focus back to the basics of providing essential services to our citizens. During the prior fiscal year we have completed a structural reorganization including the elimination of several non-basic divisions that has allowed us to streamline and strengthen the City of Huntsville's management team. The tremendous efforts made by the City Council and staff over the past two years in this endeavor now provide us the opportunity to turn our focus to striving for excellence. This budget continues to place top priority on streamlining our organization, controlling costs, improving efficiencies, maximizing customer service, and improving our delivery of high quality essential services.

### *Establishing Our Goals and Measuring Our Effectiveness*

The Huntsville Horizon Plan, the first comprehensive plan for the City of Huntsville, was completed during the past fiscal year. The Comprehensive Plan is designed as a framework for the future development of the City and its two-mile planning jurisdiction over the next 20 years and beyond. It is intended to guide the community's decisions regarding its future physical, economic, and social development. The Comprehensive Plan plays a significant role in the development of goals and guided the Council's 2007 strategic planning process. The strategic planning process provides the City Council the opportunity to determine their vision for the long-term future of Huntsville and set goals to accomplish that vision. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the citizen survey and the Comprehensive Plan, the City Council and senior staff engage in yearly strategic planning sessions in order to plan for the future of Huntsville. The plans and goals that result from these sessions guide the entire organization not only in decisions pertaining to special projects and programs, but also in daily operations. Each department of the City seeks to fulfill the City Council's strategic plan and the Huntsville Horizon Comprehensive Plan through every service they perform. Each City department has outlined their major function and purpose and has aligned themselves with the Council goals over which they have especially significant and vital influence. In order to succeed in the fulfillment of these goals, department staff has identified intermediate operational objectives for the coming year. Department staff has also identified key measures to determine the effectiveness of their services in achieving their purposes, goals, and objectives. When coupled with prior year accomplishments, these objectives and measures help us mark our progress toward the achievement of the City Council's vision for the future of our City and our pursuit of excellence in service. Additional information about our goals and measures of effectiveness can be found beginning on page 49 of this document.

## Budget Highlights

Included in the 2007-2008 Annual Budget are additions of and enhancements to programs and efforts that respond directly to the citizens of Huntsville's interest as expressed through the Huntsville Horizon Comprehensive Plan and the 2007 City Council Strategic Plan. Highlights of program and project additions and enhancements included in the fiscal year 2007-2008 budget are detailed below.

### **Providing a Safe Community**



In Huntsville's 2007 Citizen Survey, over 70% of respondents indicated that providing additional funding for the services of the Police and Fire Departments is important. The fiscal year 07-08 operating budget includes funding for additional Public Safety personnel and equipment. Two additional police patrol officers positions and related equipment are included in the budget as well as two additional full-time firefighter positions with partial grant funding. An animal control transportation unit, police uniform maintenance service, and a generator for Fire Station #1 are also included. Funding for the Police Department conversion to 800 MHz radios and funding for a replacement Pumper/Tanker for the Fire Department has also been included in the fiscal year 07-08 budget. In September 2007 the City Council issued a resolution calling for a bond election to be held for the construction of a fire station in the north east section of the community. Voters in the November 2007 bond election approved the issuance of bonds to fund this new fire station. The land purchase and architecture costs are included in the fiscal year 07-08 capital improvement budget. Additional information about the Public Safety Department operating budget can be found beginning on page 182 of this document and additional information about public safety-related capital projects can be found in the Capital section beginning on page 289.

### **Enhancing Our Quality of Life**



Over half of the respondents to Huntsville's 2007 Citizen Survey indicated that providing additional funding for our parks is important and 73% of respondents indicated that providing additional funding for our library is important. The fiscal year 07-08 capital budget includes funding for improvements to three of our park facilities and funding for a library facility improvements feasibility study. The fiscal year 07-08 operating budget includes funding for the upgrade of a Library Services position to assist in the provision of additional adult programming and to provide a higher level of service to library patrons. Additional information about the Community Services Department operating budget can be found beginning on page 160 of this document and additional information about community services-related capital projects can be found in the Capital section beginning on page 289.

### **Providing High Quality Public Utilities**



In Huntsville's 2007 Citizen Survey, approximately two-thirds of respondents indicated that providing additional funding for our public utilities is important. The fiscal year 07-08 operating budget includes funding for equipment and additional personnel and maintenance to enhance and maintain the quality of our public utilities and infrastructure. Funding for replacement of outdated water well and lift station SCADA technology, replacement and repair of pumps at lift stations and wastewater treatment plants, replacement of chlorine equipment, and a flow equalization basin feasibility study have been included. A Wastewater Inflow/Infiltration Crew Leader position, replacement TV truck, and additional sewer line maintenance funding has been included to help address the problems of inflow and infiltration in our wastewater system. Funding for a utility rate study for the water and wastewater utilities and funding for a drainage master plan has been included as well. Also included in the fiscal year 07-08 budget is funding for the replacement of truck scales at the Solid Waste Disposal Facility and a live floor trailer for waste transport to the landfill. Also included in the fiscal year 07-08 budget is the conversion from manual collection of residential solid waste to automated collection. Following a pilot program and a series of public meetings where citizen input was solicited, the City Council chose to implement an automated residential collection system which is safer and more efficient than manual collection. The fiscal year 07-08 capital budget includes \$4,713,442 in additional funding for the construction, replacement, and repair of various water and wastewater infrastructure. Additional information about the Public Utilities Department operating budget can be found beginning on page 111 of this document and additional information about public utilities-related capital projects can be found in the Capital section beginning on page 289.

## Providing a Well-Managed and Well-Planned Community



One of the goals identified in the 2007 Strategic Plan is for the City of Huntsville to be “a well-managed and well-planned community.” The fiscal year 07-08 budget includes funding for programs and initiatives for Planning, Engineering, GIS, and Central Inspection that will help meet that goal. An Engineer-in-Training position and additional GIS software licensing is included in the fiscal year 07-08 operating budget. Also included is funding for the review/redraft of the development ordinances, an annexation study, and funding for central inspection contract support. Additional information about these programs can be found in the Public Works Department operating budget beginning on page 134 of this document

## Maintaining a Qualified Workforce

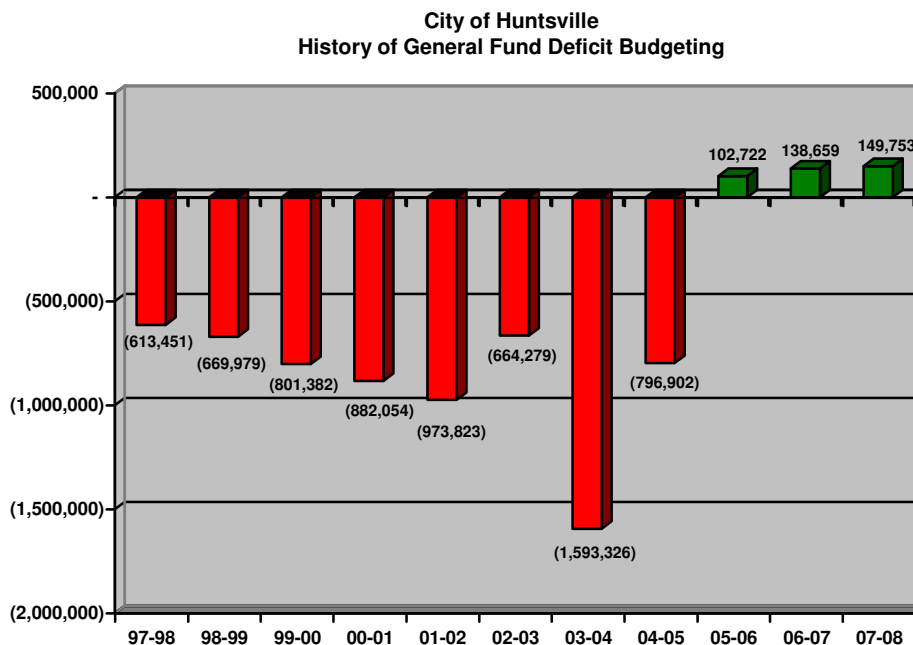


It is important that the City has a high quality, dedicated, effective, and productive workforce focused on providing excellent services to the citizens of Huntsville. The fiscal year 07-08 budget contains continued funding for the step and grade pay plan system as well as a 2% cost of living adjustment (COLA) to ensure the fair and adequate compensation of all city employees. Also included in this year’s budget are multiple training opportunities for City employees designed to enhance their skills, knowledge, and overall ability to provide an exceptional level and quality of service to the citizens and customers of Huntsville.

## Eliminating Deficit Budgeting



In previous years, the City of Huntsville practiced deficit budgeting in the General Fund. Budgeting a deficit creates expectations that are unlikely to be met because it means that some programs and projects that are set forth in the budget cannot be performed because adequate funding does not exist. Because a municipality may not engage in deficit spending, Huntsville relied on employee turnover, conservative revenue forecasting, unspent appropriations, and delayed programs and projects in order to subsidize the growing General Fund budgeted deficit. In fiscal year 03-04, the deficit ballooned to almost \$1.6 million as a result of a tax rate reduction and budget additions including the golf course and increasing health insurance costs. In fiscal year 04-05, under the leadership of a new City Council and management team, the budgeted deficit was reduced to \$800,000. In fiscal year 05-06, with the start of the back to the basics initiative, the General Fund budgeted deficit was eliminated. Fiscal year 05-06 General Fund budget reflected a surplus of \$102,722 and the fiscal year 06-07 budget reflected a surplus of \$138,659. For the third consecutive year the General Fund maintains a positive revenue-to-expenditure relationship with a budgeted surplus of \$149,753. The below graph shows the history of the General Fund budgeted deficit:





## Managing Our Resources and Overcoming Challenges

Respondents to Huntsville's 2007 Citizen Survey ranked property tax rates as one of the most important issue facing our city. The fiscal year 07-08 property tax rate is 1.4% lower than last year's rate. The City of Huntsville is committed to efficient delivery of quality essential basic services. The adopted budget illustrates to our citizens our commitment to manage their tax dollars more effectively while enhancing the quality of basic services we deliver. This budget provides funding for quality essential services as well as programs that fulfill City Council priorities for the enhancement of our excellence and the growth of our City while maintaining taxes at the effective rate. Huntsville faces unique challenges in property tax management. Because several state institutions are located in Huntsville including the Texas Department of Criminal Justice and Sam Houston State University, the total value of property subject to property tax is much lower in Huntsville than in other communities comparable in population. The City of Huntsville is still able to maintain one of the lowest property tax rates of all Texas cities with similar populations even though Huntsville has one of the lowest taxable valuations within that group. This year's adopted tax rate of 41.35 cents per one-hundred dollars of assessed valuation is the lowest tax rate the City Council has adopted in the past eight years and the second lowest tax rate that has been adopted in the past ten years. This marks the third consecutive year the City has been able to set the tax rate at the effective rate. The effective tax rate is the tax rate that provides the City with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property. Additional information about property taxes can be found beginning on page 23 of this document.

**City of Huntsville  
FY 07-08 Property Tax Rate**

<i>General</i>	<i>24.05¢</i>
<i>Debt</i>	<i>17.30¢</i>
<i>Total</i>	<i>41.35¢</i>

This year's rate represents a 1.4% decrease from  
FY 06-07 rate of 41.92¢ per \$100 valuation.

The City of Huntsville's water and wastewater utility rates for fiscal year 07-08 remain the same as last year rates. The monthly residential solid waste collection rate was adjusted for fiscal year 07-08 for the first time since fiscal year 01-02. Each year the City of Huntsville evaluates its utility revenues and costs of utility service provision to determine if the utility rates being charged are still sufficient to cover the cost of providing the service. Our analysis looks at costs associated with operations and maintenance as well as crucial capital investments. Associated costs include employee services (labor and benefits), services and utilities (electricity, waste disposal, etc), chemicals, fuel, equipment (vehicles, containers, tools, etc), and, debt service. Based on cost increases associated with curbside collection and disposal of garbage it was determined that residential rates would need to be increased in order to continue to provide twice per week curbside collection and disposal of residential solid waste, as well as yard and bulk waste collection.

The fiscal year 07-08 total operating budget increased by 10.65% from last year's budget. Much of this increase is due to capital outlays such as vehicle and equipment purchases. When capital outlays are excluded the fiscal year 07-08 total operating budget increased by 5.43% from last year's budget. The new and enhanced programs summarized above also contribute to the increase as does the rising costs of goods and services due to inflation. The MCI, which is similar to the Consumer Price Index (CPI) but designed to show the effects of inflation specifically on the cost of providing municipal services, rose by nearly 3% this past year. Inflation and the rising cost of doing business affects city government just as it does businesses and individuals. Through a strengthened and streamlined organization; strategic, long range planning; and sound management of our resources; the City of Huntsville is providing improved basic service quality and quantity with fewer resources than in years past. The City Council and staff strives everyday to manage the City's revenue and rates in an effective manner and provide the Citizens of Huntsville with better service for less money.

**City of Huntsville  
FY 07-08 Adopted Budget**

	FY 06-07	FY 07-08	% Change
<b>Total Operating Budget</b>	<b>\$43,325,423</b>	<b>\$47,940,969</b>	<b>10.65%</b>
<b>Capital Projects Budget</b>	<b>\$9,831,059</b>	<b>\$10,735,355</b>	<b>9.20%</b>
<b>Total Adopted Budget</b>	<b>\$53,156,482</b>	<b>\$58,676,324</b>	<b>10.38%</b>

\*excludes all transfers

During the preparation of the fiscal year 07-08 budget, the City Council and staff faced several challenges in their effort to limit increases in operating expenses. The rising costs of gasoline, energy, and healthcare has a significant effect on the City's operating budget. Increases in revenue sources such as sales tax, utility service charges, and interest earnings have provided for these and other necessary expense increases and have allowed the City of Huntsville to incorporate new and enhanced services.

*Committed to Outstanding Service*

It is our privilege to present to you a budget that continues to place top priority on providing excellent, cost effective services to our citizens and includes additions of and enhancements to programs and efforts that respond directly to the citizens of Huntsville's interest as expressed through the Huntsville Horizon Comprehensive Plan and the 2007 City Council Strategic Plan. This budget is driven by the vision, mission, and objectives of the City Council. The leadership, dedication, and direction that each of you has provided is greatly appreciated. The staff and employees of this organization continue to demonstrate outstanding service to our community and it is their commitment that makes this effort possible. I must take this opportunity to express my appreciation to all who have worked so hard to prepare this budget. All of you are truly striving for excellence.

Respectively Submitted,



Kevin P. Evans  
City Manager



Brynn Reynolds  
Budget Manager

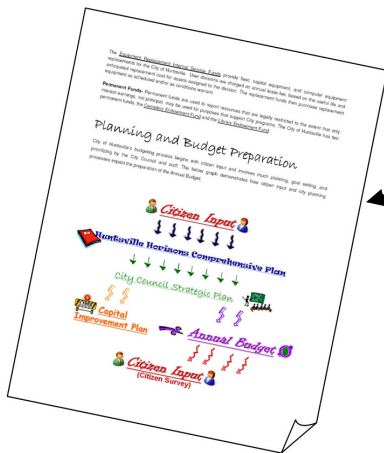




# Budget Overview

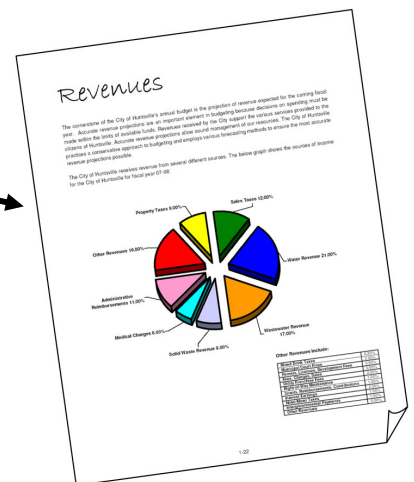
## Guide to What's Inside

The Budget Overview section contains three subsections: Budget Summary, Revenues, and Goals and Effectiveness.

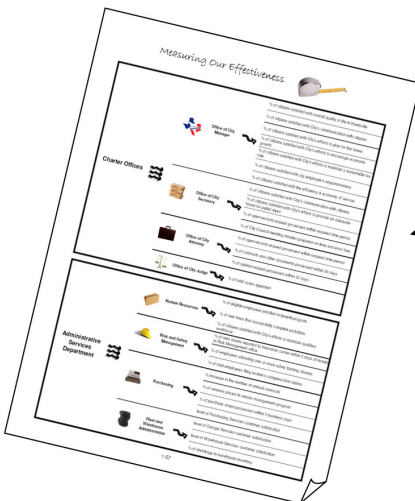


The **Budget Summary** section contains a general overview of the City of Huntsville's Annual Budget. A description of the budget process, a budget schedule, and operating funds budget summary charts and graphs are included.

The **Revenues** section provides a description of the City's process for budgeting revenues as well as recent revenue trends and graphs for comparison to prior year amounts and other communities.



The **Goals and Effectiveness** section provides an overview of the City of Huntsville's long-term goals, short-term objectives, and measurements of effectiveness.





# Where Can I Find...

## **Budget Summary**

Budget Structure.....	8
Planning and Budget Preparation Process .....	10
Budget Schedule .....	12
Budget Control and Amendment Process.....	13
Department, Division, and Fund Summary .....	14
Operating Budget Summary Graphs.....	15
Operating Budget Summary Tables.....	17
Transfers and Internal Charges Summary .....	20
Fund Balance Summary .....	21

## **Revenues**

Sources of Income Graph.....	22
Property Taxes .....	23
Sales Taxes.....	27
Mixed Drink Taxes .....	30
Municipal Court Fines .....	30
Permits, Licenses, Development Fees .....	32
Water Service Charges.....	33
Wastewater Service Charges .....	35
Solid Waste Service Charges .....	38
Fees, Charges, Sales .....	40
Utility Franchise Fees .....	41
Right-of-Way Maintenance .....	42
Grants, Reimbursements, Contributions.....	42
Interest Earnings.....	43
Hotel/Motel Taxes.....	44
Intergovernmental Payments .....	45
Health Insurance Payments.....	45
Administrative Reimbursements .....	46
Summary of Revenue Projection Methods .....	48

## **Goals and Effectiveness**

Process Description.....	49
Mission Statement .....	50
Vision Statement.....	50
Values Statement .....	51
City Council Goal Statements.....	52
Long-term Goals and Short-term Objectives .....	53
Measuring Our Effectiveness.....	57



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g  
e  
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S  
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# Budget Summary

## Budget Structure

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. Each fund can be generally thought of as a small business. The operations of each fund are maintained using a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures. City resources are budgeted to the individual funds, by account, and are controlled within the individual fund.

### General Governmental Funds

General Fund  
General Debt Service Fund  
General Capital Projects

### Special Revenue Funds

Court Security Fund  
Court Technology Fund  
Street Fund  
Airport Fund  
Library Fund  
Police Forfeiture Fund  
School Resource Officers Fund  
Public Safety Grants Fund  
Arts Center Fund  
Hotel/Motel Tax Funds

### Enterprise Funds

Water Fund  
Wastewater Fund  
Solid Waste Fund  
Cemetery Operations Fund

### Internal Service Funds

Medical Insurance Fund  
Capital Equipment Fund  
Fire Equipment Fund  
Computer Equipment Fund

### Permanent Funds

Library Endowment Fund  
Cemetery Endowment Fund

The Fiscal and Budgetary Policies, adopted as part of this budget, require that a budget be prepared for each of these funds.

### Basis of Budgeting

Operating budgets are adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, with exceptions, including that depreciation is not included in the budget, capital purchases are budgeted in the year of purchase, unmatured interest on long-term debt is recognized when due, and debt principal is budgeted in the year it is to be paid.

### Description of Funds

**General Fund-** The General Fund is the City's primary operating fund. The General Fund is used to account for all financial transactions of the general government except for those required to be accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales taxes, municipal court fines, and administrative cost reimbursements from other funds. Expenditures in the General Fund are for general government, public safety, public services, parks and recreation, and other community services.

**General Debt Service Fund-** The General Debt Service Fund accounts for the financial resources accumulated for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City.

**Special Revenue Funds-** Special Revenue Funds are used to account for revenues either legally obligated for a special purpose, conditions of a grant, or funds designated by Council to be used for a specific purpose. The use of special revenue funds allows for a clearer picture of dedicated or special purpose revenues. The Streets Special Revenue Fund is used to account for the costs of street maintenance and repair with revenue received from utility franchise fees and use of right-of-way fees. Any difference between budgeted expenditures and expected revenues is funded through a transfer from the General Fund. The Court Security and Court Technology Special Revenue Funds are used to account for the municipal court security and technology fees authorized by the Texas Code of Criminal Procedures. The Code authorizes a municipality to require a defendant convicted of a misdemeanor offense in the Municipal Court, to pay a \$3.00 security fee and up to a \$4.00 technology fee as a cost of court. The revenue from these fees can only be used for purposes outlined in Articles 102.017 and 102.0172 of the Texas Code of Criminal Procedure. The Airport Special Revenue Fund is used to account for the costs of airport maintenance and grants with revenue collected from the operator of the airport whose contract requires a fee be paid based on gallons of aviation fuel sold at the airport. Any difference between budgeted expenditures and expected revenues is funded through a transfer from the General Fund. The Library Special Revenue Fund is used to account for grants and contributions received for library related purposes. The Police Forfeiture Special Revenue Fund retains money for police participation in drug forfeitures to be used for law enforcement purposes. The School Resource Officer Special Revenue Fund is used to account for police security services provided by the Huntsville Police Department to Huntsville Independent School District (HISD) with revenues received through a grant and a contract with HISD. The Public Safety Grants Special Revenue Fund is used to account for grants received for public safety related purposes. The Arts Center Special Revenue Fund is used to account for the operation and programs of the Wynne Home Arts Center with revenue received from the arts portion of the Hotel/Motel tax and transfers from General Fund. The Hotel/Motel Tax Funds are used to account for the revenues generated from the 7% Hotel/Motel occupancy tax. The tax is allocated as follows: 3% for tourism; 3% for debt and operations of a Visitors Center; and 1% for arts (accounted for in the Arts Center Special Revenue Fund).

**Water Fund-** The Water Fund is an enterprise fund used to account for the cost of providing water service to the community. The primary source of revenue for the Water Fund is water service charges. Water operations consist of production, distribution, capital construction, and utility billing.

**Wastewater Fund-** The Wastewater Fund is an enterprise fund used to account for the cost of providing wastewater collection and treatment service to the community. The primary source of revenue for the Wastewater Fund is wastewater service charges. Wastewater operations consist of collection, treatment, and environmental services.

**Solid Waste Fund-** The Solid Waste Fund is an enterprise fund used to for the cost of providing solid waste collection and disposal service to the community. The City of Huntsville operates a transfer station facility and transfers solid waste to the Polk County Solid Waste Management Center for disposal. The primary source of revenue for the Solid Waste Fund is solid waste user fees. Solid Waste operations consist of collection, disposal, and recycling.

**Cemetery Operations Fund-** The Cemetery Operations Fund is an enterprise fund used to account for the operation of the Oakwood Cemetery with revenue from sale of cemetery space, transfers from General Fund, and transfers from the Cemetery Endowment Fund interest earnings.

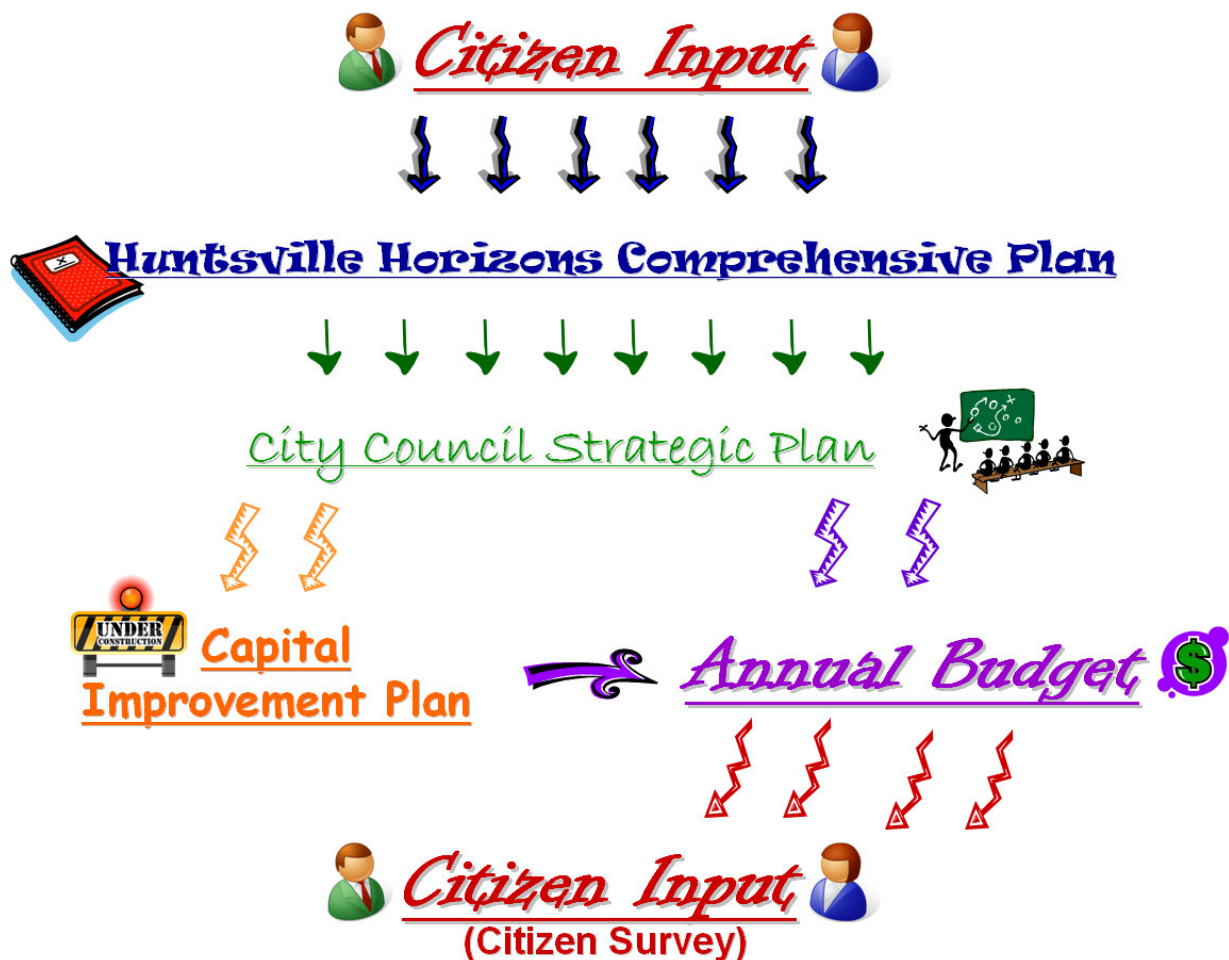
**Internal Service Funds-** Internal Service Funds are used to account for services furnished by a designated program to other programs within the City. The City of Huntsville uses Internal Service Funds (ISF) to accumulate funds for the replacement of equipment and to account for the cost of providing medical insurance coverage to City departments. The Medical Insurance Internal Service Fund is used to account for the City of Huntsville's self funded medical insurance program. Other operating funds pay into the fund for coverage for full-time employees. Dependent coverage is provided at a cost to the employee. The Medical Insurance Fund disperses claims and administration fees for health, dental, vision, and life insurance.

The Equipment Replacement Internal Service Funds provide fleet, capital equipment, and computer equipment replacements for the City of Huntsville. User divisions are charged an annual lease fee, based on the useful life and anticipated replacement cost for assets assigned to the division. The replacement funds then purchase replacement equipment as scheduled and/or as conditions warrant.

**Permanent Funds-** Permanent funds are used to report resources that are legally restricted to the extent that only interest earnings, not principal, may be used for purposes that support City programs. The City of Huntsville has two permanent funds, the Cemetery Endowment Fund and the Library Endowment Fund.

## Planning and Budget Preparation

City of Huntsville's budgeting process begins with citizen input and involves much planning, goal setting, and prioritizing by the City Council and staff. The below graph demonstrates how citizen input and city planning processes impact the preparation of the Annual Budget:





## Comprehensive Plan

This past year our community has been in the process of developing a Comprehensive Plan. The comprehensive planning process provided citizens a forum to express their vision for the future of Huntsville. The Huntsville Horizon Plan, the first comprehensive plan for the City of Huntsville, is designed as a framework for the future development of the City and its two-mile planning jurisdiction over the next 20 years and beyond. It is intended to guide the community's decisions regarding its future physical, economic, and social development. The Comprehensive Plan plays a significant role in the development of goals and guided the Council's 2007 strategic planning process.

## Strategic Plan

The City Council's Strategic Plan is a strategy to move our community from its current state to where the citizens and City Council desire the community to be in the future. The strategic planning process provides the City Council the opportunity to determine their vision for the long-term future of Huntsville and set goals to accomplish that vision. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the citizen survey and the Comprehensive Plan, the City Council and senior staff engage in yearly strategic planning sessions in order to develop the Strategic Plan for the future of Huntsville. The plans and goals that result from these sessions guide the development of the Capital Improvement Plan and Annual Budget.

## Capital Improvement Plan

The Capital Improvement Plan is developed through a joint effort between City Council and City staff in order to respond to the City's infrastructure needs. City professional staff, with consideration of citizen input, recommends appropriate projects to the City Council. Capital improvement projects are expenditures of a non-recurring nature related to the acquisition, construction, expansion, or major rehabilitation of an element of Huntsville's infrastructure. Capital improvement projects can include such things as parks, buildings, water and wastewater lines, streets, and sidewalks. After reviewing each project's purpose, impact, and cost, the City Council must prioritize projects and align those projects with the resources available for funding. Based on priorities, goals, and issues, a five year plan is developed for each area of the capital program. The projects in the first year of the program are considered for funding through the annual budgeting process.

## Annual Budget

The annual budgeting process begins with a kick-off session to provide City staff members with instructions and directions for budget request preparation. In accordance with the goals and priorities that resulted from this strategic planning session, City staff then prepare their departmental budget requests. Each City department prepares a base budget request and a supplemental budget request for each of their divisions. The Base Budget is the portion of the budget that provides for the continuation of operations at the current service level taking into account the updated costs required to provide these services. The Supplemental Budget is the portion of the budget that includes new programs and personnel, new equipment, and any changes to the present level of service. Each department of the City prepares a budget that seeks to fulfill the City Council's strategic plan and long-term vision for the future of our community through every service they perform, both in daily operations and special projects and programs, but because of Huntsville's limited resources not every budget request can be funded. The City Manager reviews department budget requests and weighs them against available funding and other requests. The City Manager then presents a proposed budget to the City Council that includes recommended supplemental requests for new or expanded programs, additional personnel, new equipment, and proposed projects. The City Council holds several budget sessions to review the proposed budget and supplemental requests. Council consideration is also given to requests presented by the public, Council members, and other Council appointed committees. Public hearings and final adoption of the annual budget occurs in September. The budget calendar for fiscal year 07-08 is provided on the following page:

# CITY OF HUNTSVILLE FY 07-08 BUDGET SCHEDULE

Budget Kick-off and Staff Training Session	March 26
City Council Strategic Planning Session	April 13-14
Departmental Budget Request Submission Deadline	April 20
Public Works Capital Budget Review Deadline	April 27
Budget Workbook Provided to City Manager	May 14
City Manager/Department Head Meetings	May 16-17
Proposed Budget Provided to City Council	July 9
City Council Budget Work Session	July 13-14
City Council Budget Work Session	August 3-4
City Council Final Budget Review	August 17
Budget and Tax Rate Adoption	September 4

2007

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30	31					

# Budget Control & Amendment

The City of Huntsville's Annual Budget is adopted by division within the individual funds. The Budget, as adopted by Council, is subject to change or amendment by formal action of the City Council. The City has a number of levels of detail in the operating budgets - the fund, the department, the division, the classification, and the line item. The below example shows the relationship between the different levels of budget detail:

Fund - General Fund  
Department - Public Safety  
Division - Police  
Classification – Salaries/Other Pay/Benefits  
Line Item - Salaries- Full Time

The level at which management, without prior Council approval, loses the ability to reapply budgeted resources from one use to another is known as the budgets' "legal level of control." The division level is the legal level of control for the City of Huntsville. The City Manager may, without prior City Council approval, authorize transfers between budget line items within a division and may authorize transfers of \$3,000 or less between divisions. The City Manager may authorize transfers of \$3,000 or less from the budgeted future appropriations account without prior City Council approval. Transfers between divisions and transfers from the future appropriations account are presented to Council on a quarterly basis. Adjustments between funds, or increased budget allocations greater than \$3,000 require Council approval.

During the fiscal year budgetary control is maintained through monthly review of budget statements. The responsibility for budgetary control lies with the Department Head. A department is a major administrative segment of the City which indicates overall management responsibility for an operation or a group of related operations within a functional area (e.g., Public Safety Department, Community Services Department). Divisions are the smallest organizational unit budgeted and are grouped together under departments to demonstrate a broader responsibility. For example, the Public Safety Department is comprised of Public Safety Administration Division, Police Division, Fire Division, and School Resource Officer Division. Department Heads may not approve expenditures that exceed monies available at the classification code level within their divisions without prior approval. Appropriations which have not been expended by departments at the end of the fiscal year lapse. Therefore funds that were budgeted but not used during the fiscal year are not available for use in the next fiscal year unless they are appropriated again by City Council.

The table on the following page shows the relationship between the City of Huntsville's funds and divisions and indicates the department responsible for budgetary control of each division:

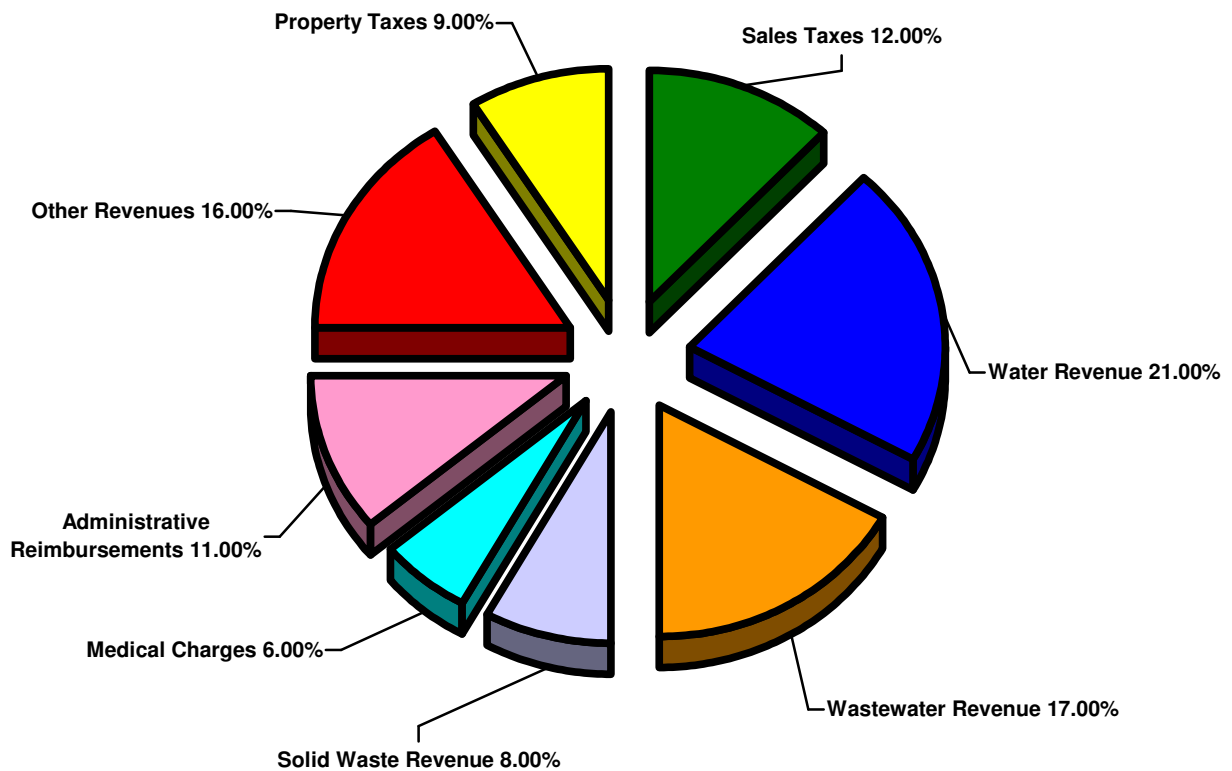


City of Huntsville  
Departments, Divisions, and Funds

	General Fund	Water Fund	Wastewater Fund	Solid Waste Fund	Cemetery Operations	Street Special Revenue Fund	Other Special Revenue Funds
<b>Charter Offices</b>							
City Council	✓						
Office of City Manager	✓						
Office of City Secretary	✓						
Office of City Attorney	✓						
Office of City Judge	✓						
<b>Administrative Services</b>							
Human Resources	✓						
Risk and Safety Management	✓						
Office Services	✓						
Purchasing	✓						
Fleet Admin/Warehouse	✓						
Garage Operations	✓						
Building Maintenance	✓						
Information Technology	✓						
<b>Finance Department</b>							
Finance	✓						
Municipal Court	✓						
Court Security							✓
Utility Billing		✓					
<b>Public Utilities Department</b>							
Public Utilities Administration	✓						
Surface Water Plant		✓					
Water Production		✓					
Water Distribution		✓					
Meter Reading		✓					
Wastewater Collection			✓				
AJ Brown WWTP			✓				
NB Davidson WWTP			✓				
Robinson Creek WWTP			✓				
Lab Compliance			✓				
Commercial Collection				✓			
Solid Waste Disposal				✓			
Residential Collection				✓			
Recycling				✓			
<b>Public Works Department</b>							
Public Works Administration	✓						
Planning	✓						
Engineering	✓						
Surveying	✓						
Central Inspection	✓						
Health	✓						
Construction Crew		✓					
Street Sweeping						✓	
Streets						✓	
Drainage Maintenance						✓	
Airport							✓
<b>Community Services Department</b>							
Community Services Administration	✓						
Recreation	✓						
Parks Maintenance	✓						
Aquatic Center Operations	✓						
Library	✓						
Main Street	✓						
Cemetery					✓		
Arts Center							✓
<b>Public Safety Department</b>							
Public Safety Administration	✓						
Police	✓						
Fire	✓						
School Resource Officers							✓

# Operating Budget Summary

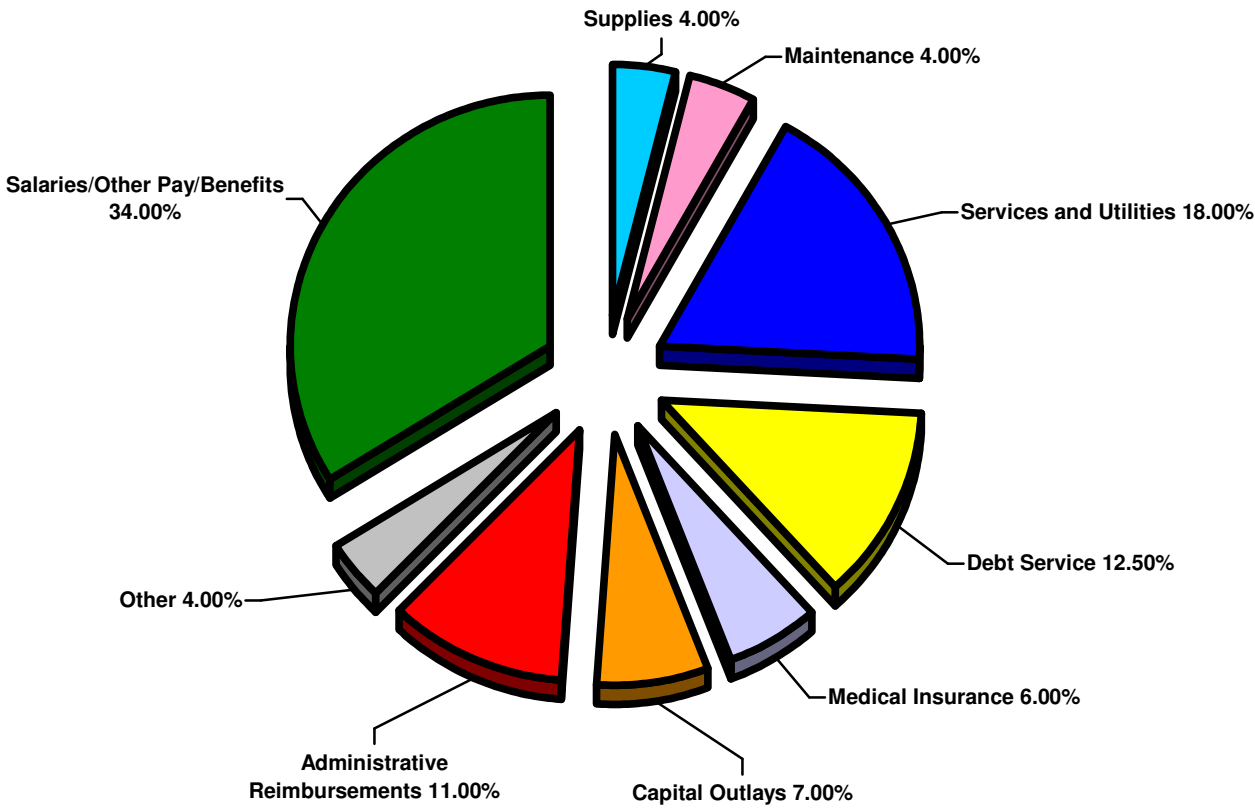
Where the Money Comes From...



## Other Revenues Include:

Mixed Drink Taxes	0.20%
Municipal Court Fines	2.00%
Permits, Licenses, Development Fees	0.50%
Fees, Charges, Sales	0.50%
Utility Franchise Fees	3.00%
Right-of-Way Maintenance	1.50%
Grants, Reimbursements, Contributions	1.00%
Interest Earnings	2.00%
Hotel/Motel Taxes	1.00%
Intergovernmental Payments	1.00%
Other Revenues	3.00%

Where the Money Goes...



Other Expenses Include:

Right-of-Way Maintenance	1.50%
Insurance/Sundry/Elections	1.00%
Programs/Projects	1.00%
Future Appropriations/Bad Debt	0.50%



Fiscal Year 2007-2008

## Operating Budget Summary

	General Fund	Debt Service Fund	Water Fund	Wastewater Fund	Solid Waste Fund
<b>Beginning Fund Balance Oct. 1</b>	<b>4,150,000</b>	<b>93,000</b>	<b>4,812,700</b>	<b>2,776,300</b>	<b>1,248,900</b>
<b>Sources of Funds</b>					
<b>Revenues</b>					
Property Taxes	2,433,000	1,775,000	-	-	-
Sales Taxes	5,650,000	-	-	-	-
Other Taxes	71,100	-	-	-	-
Permits/Licenses/Development Fees	218,620	-	-	-	-
Municipal Court Fines	770,700	-	-	-	-
Fees/Charges/Sales	64,650	-	66,500	-	-
Inter Governmental	246,487	-	-	-	-
Interest Earnings	263,000	30,000	255,000	264,000	72,000
Grants/Reimbursements/Contributions	101,320	-	-	-	-
Other Revenues	367,080	-	-	-	20,000
Water Revenues	-	-	9,806,927	-	-
Wastewater Revenues	-	-	-	7,894,000	-
Solid Waste Revenues	-	-	-	-	3,918,550
Health Insurance Payments	-	-	-	-	-
Utility Franchise Fees	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-
<b>Total Revenues</b>	<b>10,185,957</b>	<b>1,805,000</b>	<b>10,128,427</b>	<b>8,158,000</b>	<b>4,010,550</b>
<b>Administrative Reimbursements</b>	<b>4,958,864</b>	<b>-</b>	<b>306,410</b>	<b>60,833</b>	<b>-</b>
<b>Right-of-Way Maintenance Charges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Transfers In</b>	<b>311,343</b>	<b>-</b>	<b>22,500</b>	<b>-</b>	<b>-</b>
<b>Total Sources of Funds</b>	<b>15,456,164</b>	<b>1,805,000</b>	<b>10,457,337</b>	<b>8,218,833</b>	<b>4,010,550</b>
<b>Uses of Resources</b>					
<b>Expenditures</b>					
<b>Operating Expenses</b>					
Salaries/Other Pay/Benefits	10,416,810	-	1,428,916	1,278,589	1,307,001
Supplies	776,848	-	236,000	179,400	329,543
Maintenance of Structures	117,577	-	233,300	390,380	15,000
Maintenance of Equipment	198,991	-	113,392	49,200	153,834
Services and Utilities	2,533,044	-	3,656,625	819,438	706,856
Insurance/Sundry/Elections	230,926	-	141,949	112,894	110,802
Programs/Projects	127,657	-	-	-	2,000
Debt Service	153,443	1,618,842	1,578,101	2,061,326	104,541
Capital Outlays	76,500	-	29,400	81,000	70,000
Future Appropriations/Bad Debt	60,000	-	114,000	51,400	19,600
Medical Insurance	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>14,691,796</b>	<b>1,618,842</b>	<b>7,531,683</b>	<b>5,023,627</b>	<b>2,819,177</b>
<b>Administrative Reimbursements</b>	<b>-</b>	<b>-</b>	<b>2,289,215</b>	<b>1,933,171</b>	<b>671,628</b>
<b>Right-of-Way Charges</b>	<b>-</b>	<b>-</b>	<b>364,690</b>	<b>287,659</b>	<b>134,330</b>
<b>Total Expenditures</b>	<b>14,691,796</b>	<b>1,618,842</b>	<b>10,185,588</b>	<b>7,244,457</b>	<b>3,625,135</b>
<b>Operating Transfers Out</b>	<b>614,615</b>	<b>247,467</b>	<b>250,080</b>	<b>862,469</b>	<b>506,069</b>
<b>Total Uses of Resources</b>	<b>15,306,411</b>	<b>1,866,309</b>	<b>10,435,668</b>	<b>8,106,926</b>	<b>4,131,204</b>
<b>Ending Fund Balance Sept. 30</b>	<b>4,299,753</b>	<b>31,691</b>	<b>4,834,369</b>	<b>2,888,207</b>	<b>1,128,246</b>
<b>25% Reserved Fund Balance</b>	<b>3,811,603</b>		<b>2,580,417</b>	<b>2,013,882</b>	<b>1,027,901</b>
<b>Inventory Cash Reservations</b>	<b>90,000</b>	<b>not</b>	<b>110,000</b>	<b>20,000</b>	<b>-</b>
<b>Unreserved Fund Balance</b>	<b>250,000</b>	<b>required</b>	<b>250,000</b>	<b>250,000</b>	<b>50,000</b>
<b>Transfer to Capital</b>	<b>148,150</b>		<b>1,893,952</b>	<b>604,326</b>	<b>50,345</b>

Cemetery Operations	Street Special Revenue Fund	Other Special Revenue Funds	Internal Service Funds	Permanent Funds	Total Operating Budget
41,662	1,125,700	712,590	893,689	446,062	\$ 16,300,603
-	-	-	-	-	4,208,000
-	-	-	-	-	5,650,000
-	-	-	-	-	71,100
-	-	-	-	-	218,620
-	-	35,000	-	-	805,700
15,000	48,000	12,700	-	-	206,850
-	-	249,256	-	-	495,743
450	40,000	21,350	44,618	21,500	1,011,918
-	-	227,844	-	-	329,164
-	-	-	1,070,000	-	1,457,080
-	-	-	-	-	9,806,927
-	-	-	-	-	7,894,000
-	-	-	-	-	3,918,550
-	-	-	2,743,976	-	2,743,976
-	1,534,000	-	-	-	1,534,000
-	-	464,000	-	-	464,000
15,450	1,622,000	1,010,150	3,858,594	21,500	40,815,628
-	-	-	-	-	5,326,107
-	786,679	-	-	-	786,679
76,715	482,218	201,739	1,684,961	-	2,779,476
92,165	2,890,897	1,211,889	5,543,555	21,500	49,707,890
85,847	1,216,235	596,171	-	-	16,329,569
11,926	132,570	39,250	57,990	-	1,763,527
3,650	490,683	16,500	-	-	1,267,090
3,525	74,650	7,660	-	-	601,252
504	337,500	416,478	-	-	8,470,445
265	57,536	2,400	-	-	656,772
25,000	10,000	220,064	-	-	384,721
-	-	-	519,104	-	6,035,357
-	-	-	3,043,574	-	3,300,474
-	-	-	-	-	245,000
-	-	-	2,773,976	-	2,773,976
130,717	2,319,174	1,298,523	6,394,644	-	41,828,183
-	432,093	-	-	-	5,326,107
-	-	-	-	-	786,679
130,717	2,751,267	1,298,523	6,394,644	-	47,940,969
3,110	137,758	71,108	-	16,700	2,709,376
133,827	2,889,025	1,369,631	6,394,644	16,700	50,650,345
-	1,127,572	554,848	42,600	450,862	\$ 15,358,148
	722,256				
not required	20,000	not required	not required	not required	
	385,316				
	-				

# Three Year Historical Operating Budget Summary

	05-06 Actual	06-07 Budget	07-08 Adopted
<b>Sources of Funds</b>			
<b>Revenues</b>			
Property Taxes	3,981,538	4,094,000	4,208,000
Sales Taxes	5,511,003	5,300,000	5,650,000
Other Taxes	63,491	66,000	71,100
Permits/Licenses/Development Fees	284,860	220,950	218,620
Municipal Court Fines	759,911	775,200	805,700
Fees/Charges/Sales	268,665	226,250	206,850
Inter Governmental	492,769	470,487	495,743
Interest Earnings	1,420,397	901,950	1,011,918
Grants/Reimbursements/Contributions	146,287	803,261	329,164
Other Revenues	1,847,186	402,080	1,457,080
Water Revenues	9,894,934	9,902,416	9,806,927
Wastewater Revenues	7,573,682	7,480,000	7,894,000
Solid Waste Revenues	3,700,217	3,669,000	3,918,550
Health Insurance Payments	2,069,457	2,405,427	2,743,976
Utility Franchise Fees	1,424,320	1,386,000	1,534,000
Hotel/Motel Taxes	493,432	440,000	464,000
<b>Total Revenues</b>	<b>39,932,149</b>	<b>38,543,021</b>	<b>40,815,628</b>
<b>Administrative Reimbursements</b>	<b>4,668,208</b>	<b>5,020,188</b>	<b>5,326,107</b>
<b>Right-of-Way Maintenance Charges</b>	<b>637,024</b>	<b>750,227</b>	<b>786,679</b>
<b>Operating Transfers In</b>	<b>1,787,387</b>	<b>1,574,064</b>	<b>2,779,476</b>
<b>Total Sources of Funds</b>	<b>47,024,768</b>	<b>45,887,500</b>	<b>49,707,890</b>
<b>Uses of Resources</b>			
<b>Expenditures</b>			
<b>Operating Expenses</b>			
Salaries/Other Pay/Benefits	14,398,059	15,626,512	16,329,569
Supplies	1,443,316	1,671,489	1,763,527
Maintenance of Structures	586,097	1,078,348	1,267,090
Maintenance of Equipment	623,373	702,241	601,252
Services and Utilities	7,314,505	7,737,196	8,470,445
Insurance/Sundry/Elections	439,498	516,884	656,772
Programs/Projects	270,107	424,581	384,721
Debt Service	6,840,987	5,784,486	6,035,357
Capital Outlays	1,041,347	984,531	3,300,474
Future Appropriations/Bad Debt	130,536	406,000	245,000
Medical Insurance	2,091,746	2,622,740	2,773,976
<b>Total Operating Expenses</b>	<b>35,179,570</b>	<b>37,555,008</b>	<b>41,828,183</b>
<b>Administrative Reimbursements</b>	<b>4,668,208</b>	<b>5,020,188</b>	<b>5,326,107</b>
<b>Right-of-Way Charges</b>	<b>637,024</b>	<b>750,227</b>	<b>786,679</b>
<b>Total Expenditures</b>	<b>40,484,802</b>	<b>43,325,423</b>	<b>47,940,969</b>
<b>Operating Transfers Out</b>	<b>1,660,787</b>	<b>1,574,063</b>	<b>2,709,376</b>
<b>Total Uses of Resources</b>	<b>42,145,589</b>	<b>44,899,486</b>	<b>50,650,345</b>
<b>Transfers to Capital</b>	<b>2,234,643</b>	<b>2,660,600</b>	<b>2,696,773</b>



# Summary of Transfers and Internal Charges

## Summary of Operating Transfers

T O		General Fund	Water Fund	Cemetery Operations	Court Security	Street Fund	Police SRO SRF	Arts Center SRF	Capital Equipment	Computer Equipment	Total Out
<b>F</b>	General Fund	-	-	60,015	10,000	-	85,930	65,809	329,498	63,363	614,615
<b>R</b>	Debt Service Fund	153,443	-	-	-	-	-	-	94,024	-	247,467
<b>O</b>	Water Fund	39,320	-	-	-	-	-	-	63,710	147,050	250,080
<b>M</b>	Wastewater Fund	11,930	22,500	-	-	482,118	-	-	221,189	124,732	862,469
	Solid Waste Fund	8,550	-	-	-	-	-	-	480,001	17,518	506,069
	Street Fund	18,100	-	-	-	-	-	-	107,180	12,478	137,758
	Cemetery Operations	-	-	-	-	-	-	-	3,110	-	3,110
	SRO Fund	-	-	-	-	-	-	-	21,108	-	21,108
	H/M- Visitors	50,000	-	-	-	-	-	-	-	-	50,000
	Cemetery Endowment	-	-	16,700	-	-	-	-	-	-	16,700
	General CIP	30,000	-	-	-	-	-	40,000	-	-	70,000
<b>Total In</b>		311,343	22,500	76,715	10,000	482,118	85,930	105,809	1,319,820	365,141	2,779,376

## Summary of Administrative Reimbursements

T O		General Fund	Water Fund	Wastewater Fund	Total Out
<b>F</b>	Water Fund	2,228,382	-	60,833	2,289,215
<b>R</b>	Wastewater Fund	1,669,658	263,513	-	1,933,171
<b>O</b>	Solid Waste Fund	628,731	42,897	-	671,628
<b>M</b>	Street SRF	432,093	-	-	432,093
<b>Total In</b>		4,958,864	306,410	60,833	5,326,107

## Summary of Medical Insurance Charges

T O		Medical Insurance	Total Out
<b>F</b>	General Fund	1,143,039	1,143,039
<b>R</b>	Water Fund	200,659	200,659
<b>O</b>	Wastewater Fund	193,492	193,492
<b>M</b>	Solid Waste Fund	186,328	186,328
	Cemetery Operations	14,333	14,333
	Court Security	7,166	7,166
	Street SRF	164,827	164,827
	SRO Fund	42,998	42,998
	Art Center SRF	14,333	14,333
<b>Total In</b>		1,967,175	1,967,175

## Summary of Right-of-Way Maintenance Charges

T O		Street SRF	Total Out
<b>F</b>	Water Fund	364,690	364,690
<b>R</b>	Wastewater Fund	287,659	287,659
<b>O</b>	Solid Waste Fund	134,330	134,330
<b>M</b>	<b>Total In</b>	786,679	786,679



# Fund Balances

Fund Balance is defined as unreserved current assets less inventory and on-going receivables (ex. utility billing, sales tax) minus current liabilities payable from these assets. An adequate fund balance is necessary to pay expenditures caused by unforeseen emergencies or for shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. In accordance with the City of Huntsville's Fiscal and Budgetary Policies, the fund balance reserve for all funds excluding certain funds such as Special Revenue Funds, Internal Service Funds, and Capital Projects Funds must be maintained at a minimum amount of 25% of the annual budget (excluding transfers to capital projects) for each fund. Fund balance reserves are not used to support on-going operating expenditures. Fund Balance may be used for one time capital expenditures if surplus balances remain after all fund allocations are made and the 25% operating reserve is met.

## *General Fund*

The General Fund has a projected ending fund balance for fiscal year 07-08 of \$4,151,603 after transfer to capital projects of \$148,150. This marks the third consecutive year the General Fund has a budgeted surplus with expected revenues exceeding planned expenditures.

## *Debt Service Fund*

The General Debt Service Fund has a projected ending fund balance for fiscal year 07-08 of \$31,691. A portion of the Debt Service Fund's reserve was used in fiscal year 05-06 for a down payment on the Tax Notes, Series 2005 issue for the aquatic center facility. The reserves of the Debt Service Fund may only be used for the payment of debt.

## *Water Fund*

The Water Fund has a projected ending fund balance for fiscal year 07-08 of \$2,940,417 after transfers to capital projects of \$1,893,952.

## *Wastewater Fund*

The Wastewater Fund has a projected ending fund balance for fiscal year 07-08 of \$2,283,882 after transfers to capital projects of \$604,326.

## *Solid Waste Fund*

The Solid Waste Fund has a projected ending fund balance for fiscal year 07-08 of \$1,077,901 after transfers to capital projects of \$50,345.

## *Street Fund*

The Street Fund has a projected ending fund balance for fiscal year 07-08 of \$1,127,572. No transfers to capital are planned for the Street Fund in fiscal year 07-08.

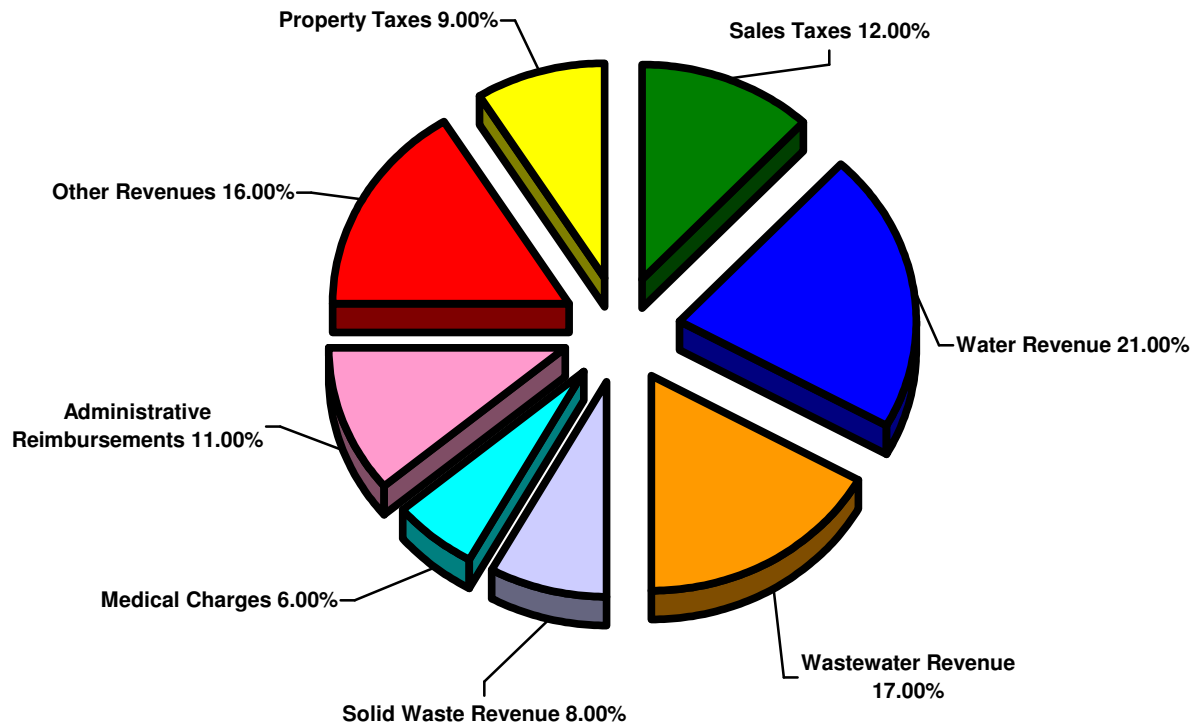


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# Revenues

The cornerstone of the City of Huntsville's annual budget is the projection of revenue expected for the coming fiscal year. Accurate revenue projections are an important element in budgeting because decisions on spending must be made within the limits of available funds. Revenues received by the City support the various services provided to the citizens of Huntsville. Accurate revenue projections allow sound management of our resources. The City of Huntsville practices a conservative approach to budgeting and employs various forecasting methods to ensure the most accurate revenue projections possible.

The City of Huntsville receives revenue from several different sources. The below graph shows the sources of income for the City of Huntsville for fiscal year 07-08:



## Other Revenues Include:

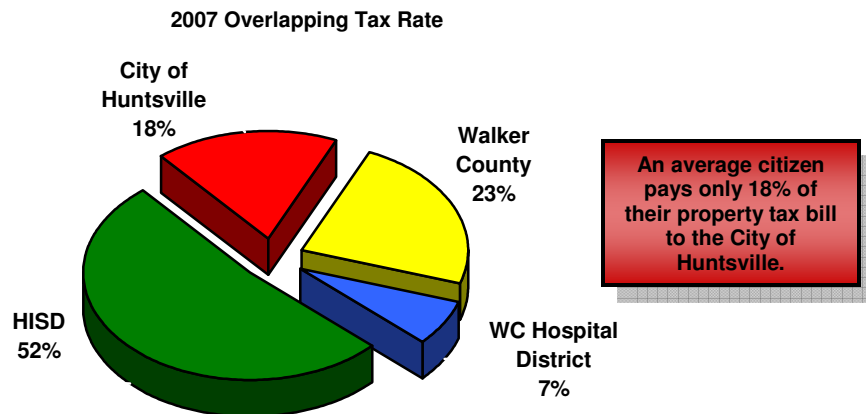
Mixed Drink Taxes	0.20%
Municipal Court Fines	2.00%
Permits, Licenses, Development Fees	0.50%
Fees, Charges, Sales	0.50%
Utility Franchise Fees	3.00%
Right-of-Way Maintenance	1.50%
Grants, Reimbursements, Contributions	1.00%
Interest Earnings	2.00%
Hotel/Motel Taxes	1.00%
Intergovernmental Payments	1.00%
Other Revenues	3.00%



## Property Taxes

Revenues from property taxes account for 9% of overall city revenues. Taxes are assessed on all property in the city except for certain property that is eligible for exemption such as state owned property. All exemptions from property tax are governed by Federal and State law. The Walker County Appraisal District assesses the value of property in Huntsville and processes applications for exemptions. Based on the total property valuation certified by the Appraisal District, the Huntsville City Council sets a tax rate that will provide sufficient revenue to support public safety services such as police and fire protection and community services such as parks, recreation, and library. The total tax rate set by Council includes a rate for debt service payments as well as a rate for general day-to-day maintenance and operations. The City of Huntsville contracts with the Walker County Appraisal District for property tax billing and collections. Because property taxes are paid per one-hundred dollars of assessed property value, the amount of property tax levied by the City is calculated by dividing the total appraised value of property by one-hundred and then multiplying by the adopted tax rate.

The City is not the only jurisdiction that taxes property located in Huntsville. Other entities including Walker County, Huntsville Independent School District, and the Walker County Hospital District also levy a property tax. Most citizens of Huntsville pay only 18% of their total property tax bill to the City. The other 82% is collected by the other taxing jurisdictions. The below graph demonstrates each entity's portion of the overlapping tax rate:



In fiscal year 07-08 the City Council approved a 1.4% decrease in the tax rate. This year's adopted tax rate of 41.35 cents per one-hundred dollars of assessed valuation is the lowest tax rate the City Council has adopted in the past eight years and the second lowest tax rate that has been adopted in the past ten years. This marks the third consecutive year the City has been able to set the tax rate at the effective rate. The effective tax rate is the tax rate that provides the City with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property.

**City of Huntsville  
FY 07-08 Property Tax Rate**

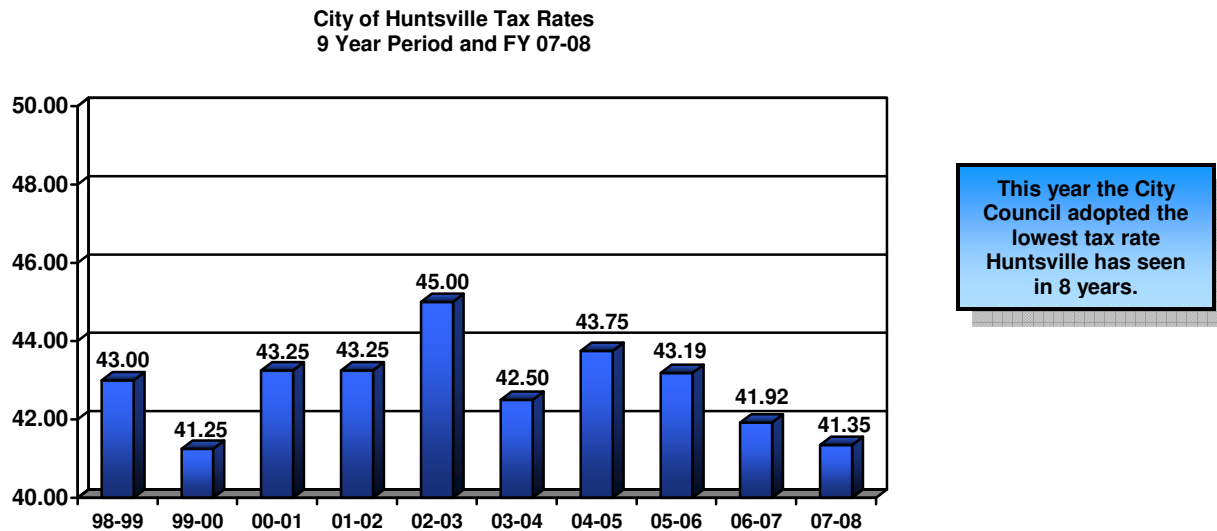
<i>General</i>	<i>24.05¢</i>
<i>Debt</i>	<i>17.30¢</i>
<i>Total</i>	<i>41.35¢</i>

This year's rate represents a 1.4% decrease from FY 06-07 rate of 41.92¢ per \$100 valuation.

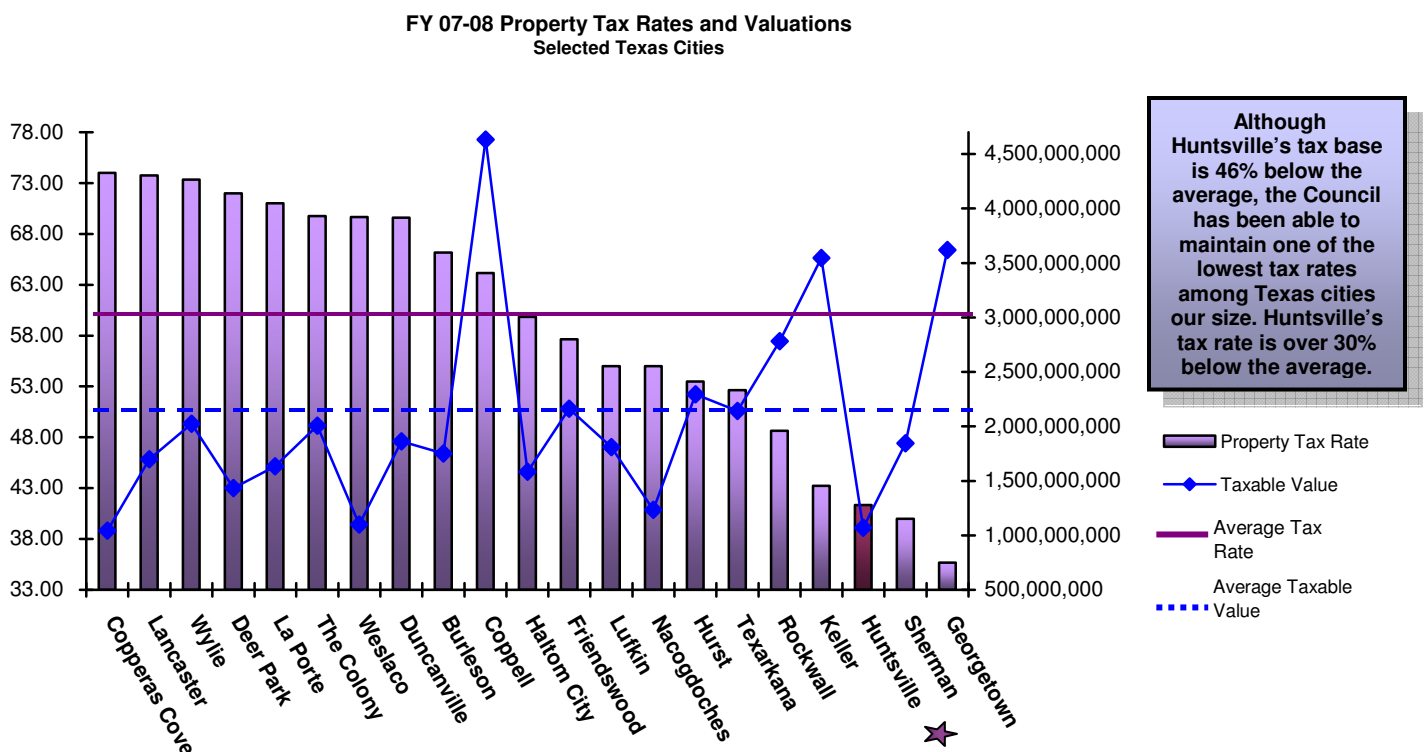
**The City Council approved a 1.4% decrease in the tax rate for FY 07-08.**



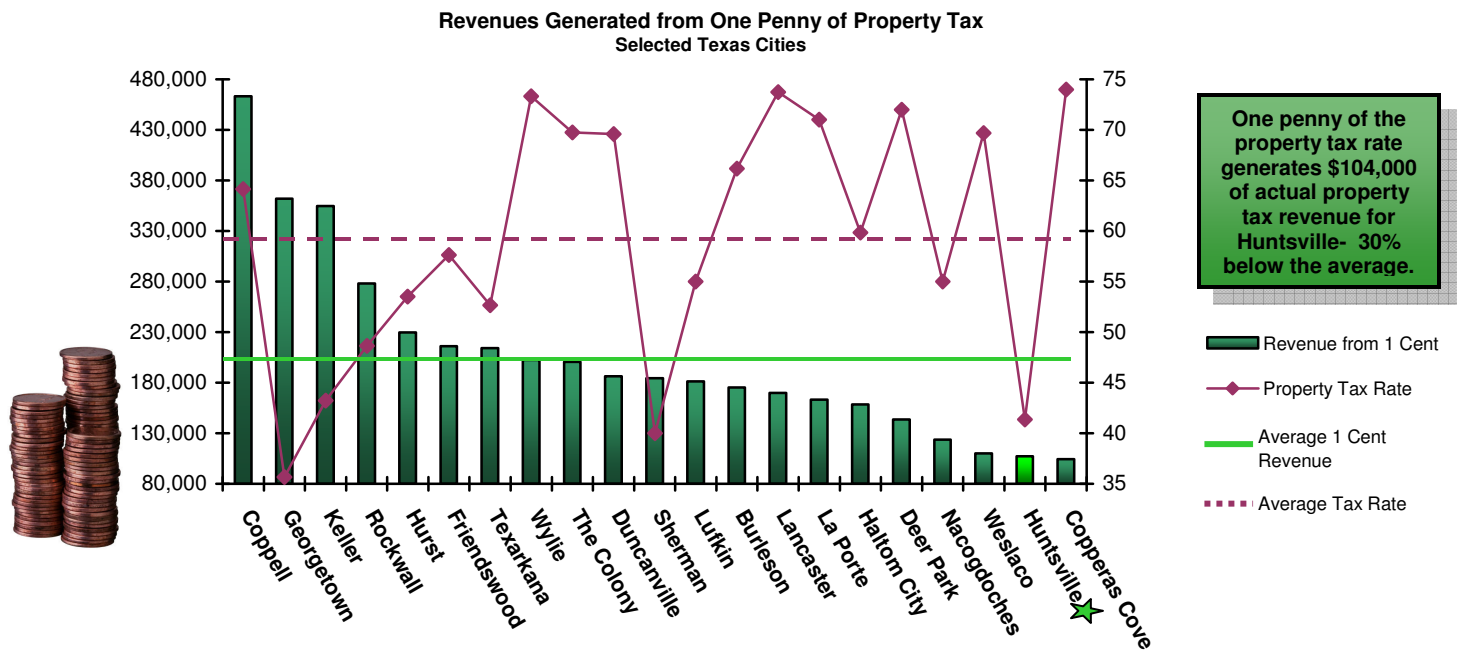
The below graph compares the current tax rate with the tax rates from eight prior years:



The City Council has been able to decrease the tax rate while continuing to provide excellent essential services to the citizens of Huntsville all while facing unique challenges in property tax management. Because several state institutions are located in Huntsville including the Texas Department of Criminal Justice and Sam Houston State University, the total value of property subject to property tax is much lower in Huntsville than in other communities comparable in population. The City of Huntsville is still able to maintain one of the lowest property tax rates of all Texas cities with populations between 30,000 and 40,000 even though Huntsville has one of the lowest taxable valuations within that group. The below graph shows the taxable valuations and the tax rates of selected Texas cities with populations between 30,000 and 40,000:



Huntsville's total taxable property valuation of \$1,070,758,643 is 46% below the average valuation of these cities, but Huntsville's tax rate is over 30% below the average tax rate. Because taxes are collected based on property value and Huntsville's total taxable property value is so low, Huntsville collects significantly less actual dollars in tax revenue per penny of the tax rate than do most of the other Texas cities comparable in size. Each penny on Huntsville's tax rate generates approximately \$104,000 in revenue for city services. In contrast, each penny on Georgetown's tax rate generates approximately \$362,000 in revenue for their city services. So, even though Georgetown's tax rate is 14% lower than Huntsville's, Georgetown collects 238% more in property tax revenue per penny of tax than does Huntsville. The below graph shows the tax revenue generated from one penny on the property tax rate of selected Texas cities with populations between 30,000 and 40,000:

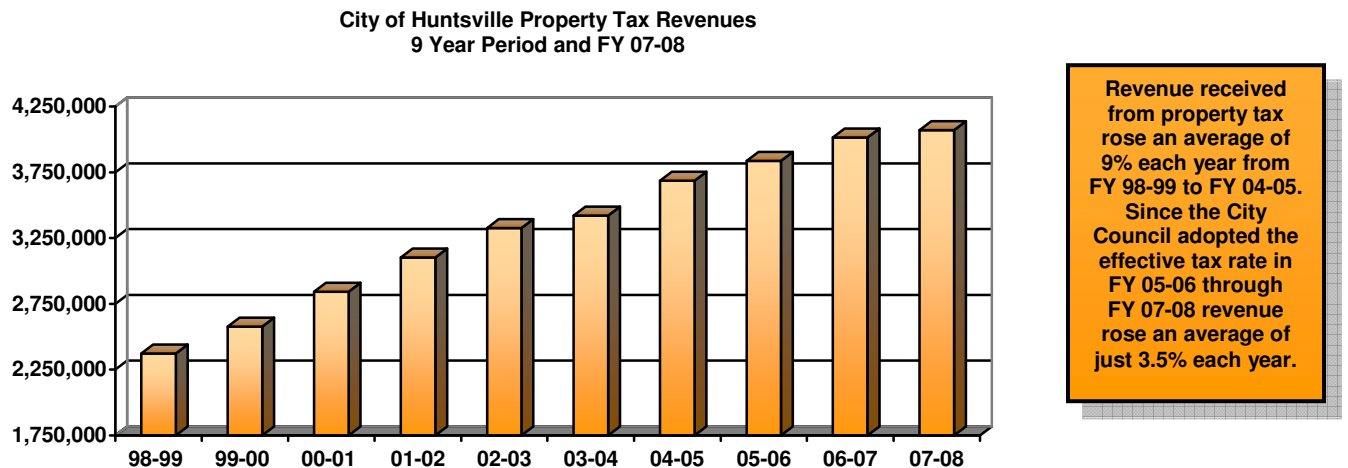


Because of relatively low taxable property value, Huntsville indeed faces a challenge in keeping property taxes low and quality of essential services high. But with sound management of our resources and strategic, long range planning this task can be accomplished.

The preparation of our budget for property tax revenue begins with the receipt of the certified tax roll from the Walker County Appraisal District. Information about Huntsville's total existing and new property value eligible for taxation is included in the documentation received from the Appraisal District. The Appraisal District also calculates the effective tax rate that will provide the city with the same amount of tax revenue as the prior year from existing property plus additional tax revenue from any new property. The Huntsville City Council is committed to keeping the property tax rates in Huntsville among the lowest in Texas and in recent years every effort has been made to reduce the tax rate to the effective rate. In accordance with this effort, our budget for property tax revenue is derived by applying the effective tax rate to the certified taxable property valuation. Based on our historical trends, a provision is made for property tax that is owed but not paid on time or not paid at all. The actual collection rate is traditionally fairly high, and we expect to collect at least 97.5% of what is owed. For fiscal year 07-08, we have also included a provision for property that is under protest as to its eligibility for taxation. Additionally, the City Council passed an ordinance in 2004 that freezes the tax payments for citizens who are at least 65 or who are disabled to the amount of taxes they paid in fiscal year 04-05. The Appraisal District calculates this tax freeze and its influence on the effective tax rate.

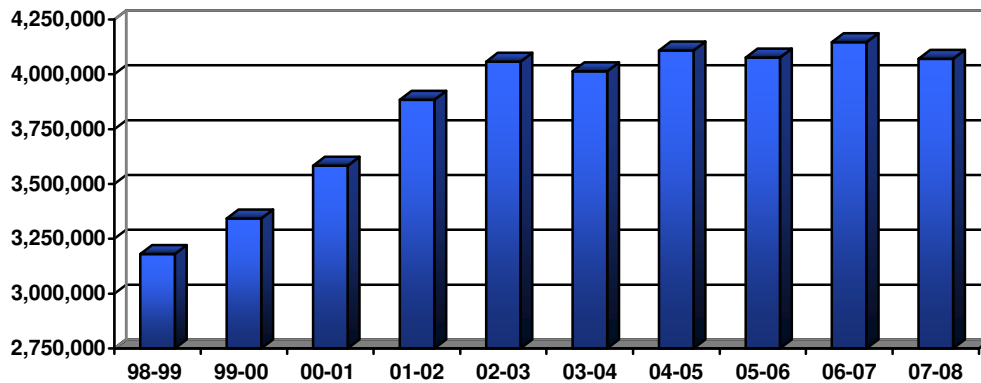
The City Council adopted the effective tax rate in fiscal years 05-06, 06-07, and 07-08. Because of this, even though the taxable property value in Huntsville has risen 22% since fiscal year 04-05, the amount of property tax revenue collected by the city has remained the same as in fiscal year 04-05 except for the additional revenue generated from new property. It should be noted that, although overall the city will collect the same amount of taxes from existing property as it did the year before, an individual taxpayer may see a change in their tax bill. If the valuation of an individual taxpayer's property increased at a rate higher than the average overall rate, their tax bill is likely to be slightly higher this year than it was last year, but if it increased at a rate lower than the average overall rate or not at all, their tax bill is likely to be slightly lower than it was last year.

Inflation and the rising cost of doing business affects city government just as it does businesses and individuals. The Municipal Cost Index shows that the average cost of providing city services has risen by 14% over the past three years. Huntsville has been able to absorb these ever rising costs while still collecting the same amount of tax revenue from existing properties in fiscal years 05-06, 06-07, and 07-08 as it did in fiscal year 04-05. This has been possible in large part through additional property tax revenues from new property and increasing revenues from sales tax. The below graph shows the actual property tax revenue received by the City of Huntsville over the past nine years and the revenue projected for fiscal year 07-08:



The average yearly increase in property tax revenue in fiscal years 98-99 through 04-05 was 9%. But in fiscal years 05-06 through 07-08, the years that the City Council adopted the effective rate, the average yearly increase was just 3.5%, and is solely the result of the additional revenue received from new property. When the effective rate is adopted, the same amount of revenue is collected as in the prior year from existing property and the additional revenue needed to support the inflated cost of providing city services at current levels must be obtained either through growth and the addition of new taxable property in the community, or from increases in other revenue sources such as sales tax. With the cost of gasoline, utilities, construction materials, healthcare, and so many other daily expenses ever increasing, one-hundred dollars does not have the same purchasing power today as it did even five years ago. In order to evaluate the effect inflation has on Huntsville's ability to provide excellent city services using our limited resources we must consider the purchasing power of the property tax revenues we received in recent history in terms of today's dollar values. The graph on the following page shows property tax revenue received by the City of Huntsville over the past nine years inflated to current value and the revenue projected for fiscal year 07-08:

**City of Huntsville Property Tax Revenues  
Inflated to Current Value  
9 Year Period and FY 07-08**



Note: Inflation for all graphs calculated based on Municipal Cost Index

While facing stagnant or declining purchasing power, the City of Huntsville continues to provide quality basic services at sustained or increasing levels year after year.

Inflation outpaced the increase in property tax revenue the city received in fiscal year 05-06, the first year the City Council adopted the effective tax rate, and in fiscal year 06-07 additional revenue generated from new property narrowly offset the effects of inflation. Even with stagnant or declining purchasing power, the City of Huntsville continues to provide quality basic services at sustained or increasing levels year after year. The City of Huntsville is providing improved basic service quality and quantity with fewer resources than in years past. The City Council and staff strives everyday to manage the property tax revenue and rates in an effective manner and provide the Citizens of Huntsville with better service for less money.

The below table shows total property tax revenue received in prior years and property tax revenue budgeted for fiscal year 07-08 for both General and Debt Service Funds:



### Property Tax Revenue

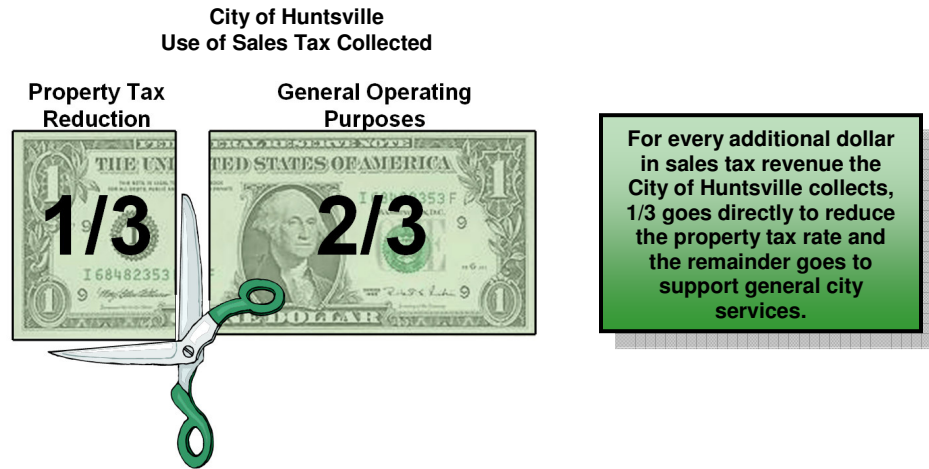
	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Current	3,686,935	3,837,143	3,952,000	4,013,402	4,071,000
Delinquent	106,910	77,817	82,000	70,283	77,000
Penalty & Interest	54,150	66,579	60,000	50,691	60,000
<b>Total</b>	<b>3,847,995</b>	<b>3,981,539</b>	<b>4,094,000</b>	<b>4,134,377</b>	<b>4,208,000</b>



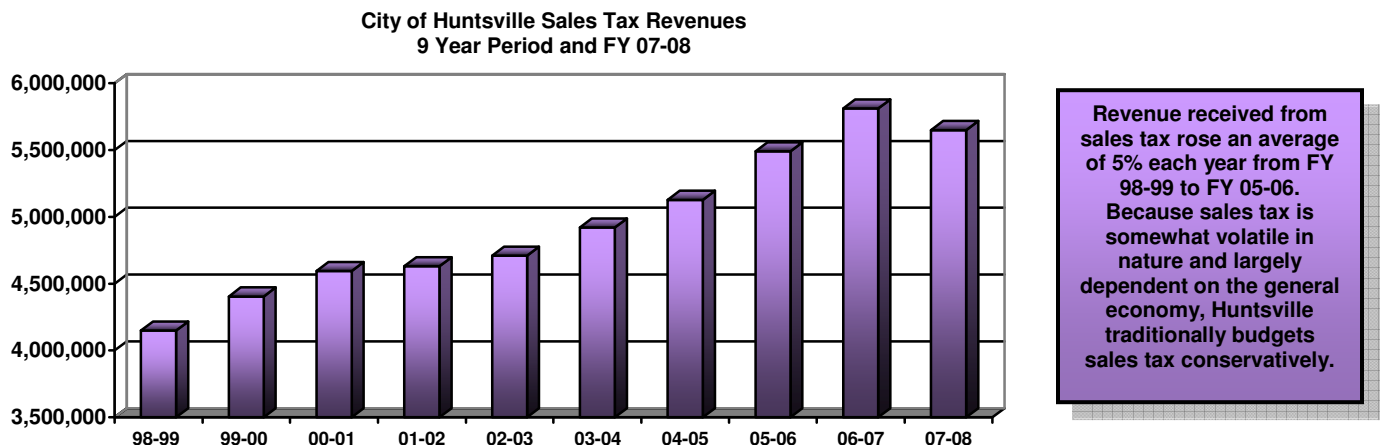
### Sales Taxes

Revenues from sales taxes account for 12% of overall city revenues. All taxable sales in Huntsville are charged a sales tax at a rate of 8.25%. The City of Huntsville receives 1.5% of the 8.25% sales taxes that are remitted by retailers in the city limits, the State of Texas retains 6.25%, and Walker County receives 0.5%. One cent of Huntsville's portion of the sales tax is used for general operating purposes and one-half cent is used for property tax relief. The Texas Legislature gave voters in Texas cities the option of increasing local sales taxes from one cent to one and one-half cent in order to provide property tax relief. Voters in Huntsville approved the sales tax option in August 1987 and the additional one-half cent sales tax began to be collected in January 1988.

For every dollar of sales tax revenue the city receives, two-thirds is used to support general operating services such as police and fire protection, parks, recreation, and library and one-third goes directly to reduce the property tax rate. The below graph demonstrates the City of Huntsville's use of sales tax revenue:

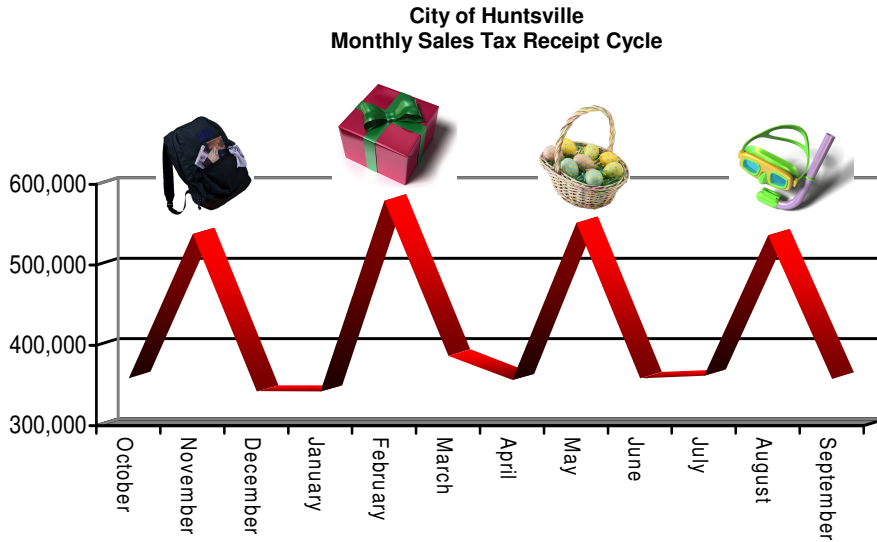


The preparation of our budget for sales tax revenue begins with a review of Huntsville's historical sales tax revenue collection trends. Because sales tax revenue is somewhat volatile in nature and is dependent on the general economic conditions of the region and nation, the City of Huntsville has traditionally budgeted sales tax revenue conservatively. The average yearly increase in sales tax revenue over the past nine years was 5%. However, in fiscal years 01-02 and 02-03, the years immediately following the terrorist attacks of September 11, 2001, the average increase in sales tax revenue was just 1.3%. In the most recent two years the average increase was 7%. In line with the historical average increases and taking into consideration the rate of increase in the most recent years, the fiscal year 07-08 sales tax revenue budget was increased by 7%. The below graph shows the actual sales tax revenue received by the City of Huntsville over the past nine years and the revenue budgeted for fiscal year 07-08:



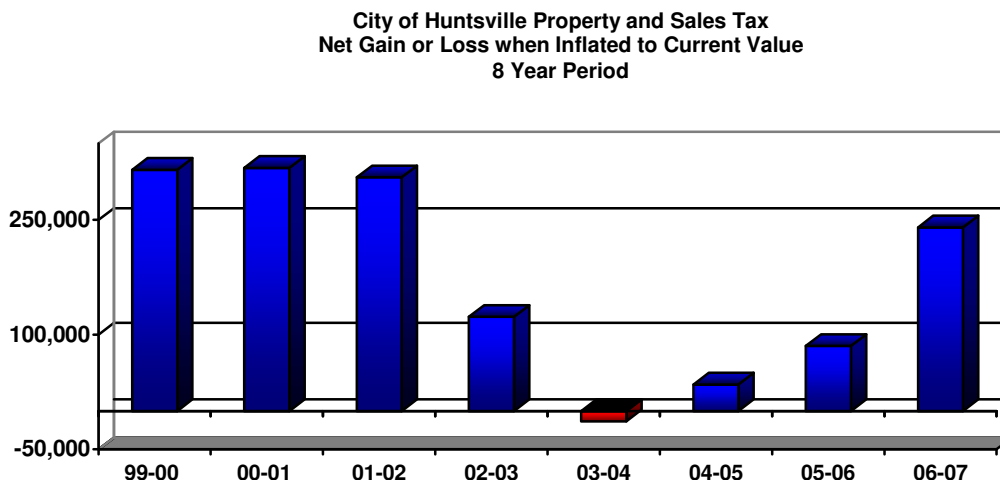
The fact that sales tax revenue is closely associated with the general economy is easily observed when examining the monthly sales tax revenue collection trends. Sales tax revenue receipts climb sharply in months following traditionally active retail seasons such as Christmas, Easter, back-to-school, and the start of summer travel. The graph on the following page demonstrates the cyclic nature of sales tax and its close association with the general economy: (note: the City of Huntsville's receipt of sales tax revenue lags approximately two months behind the date of actual sale.)





Sales tax revenue is closely associated with the general economy. Huntsville's sales tax receipts increase sharply in months following traditionally active retail seasons.

Sales tax is an extremely important source of revenue for the City of Huntsville. Huntsville's relatively low property tax base, the rising cost of providing city services due to inflation, and the adoption of the effective tax rate make a continuously increasing sales tax revenue stream an essential component in the success of the City Council's efforts to keep the property tax rates in Huntsville among the lowest in Texas. Inflation causes each revenue dollar Huntsville receives to lose more purchasing power year after year. In order for the City of Huntsville to continue to provide city services at current levels, collecting the same amount of revenue as in the prior year is not sufficient. Enough additional sales tax revenue must be generated in order to keep pace with the inflated cost of providing services to Huntsville citizens and must supplement the loss of purchasing power of static property tax revenue when the effective rate is adopted. To evaluate if Huntsville's sales tax revenue is able to keep pace with the effect of inflation, the net gain or loss of the purchasing power of Huntsville's sales tax revenues and property tax revenues combined must be considered. A net gain indicates that Huntsville's sales tax revenue was able to keep pace with inflation, cover any loss of purchasing power in property tax revenue due to the adoption of the effective rate, and provide additional revenue for general operating purposes. A net loss indicates that Huntsville's sales tax revenue was not able to keep pace with inflation and cover the loss of purchasing power in property tax revenue due to the adoption of the effective rate. The below graph shows the net gain or loss in purchasing power in terms of current dollar value of the property tax revenue and sales tax revenue received by the City of Huntsville over the past eight years:



For the most part, Huntsville's sales tax revenue has been able to keep pace with inflation and cover any purchasing power loss from adoption of the effective property tax rate.

The below table shows total sales tax revenue received in prior years and sales tax revenue budgeted for fiscal year 07-08 for General Fund:



### Sales Tax Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Sales Tax	5,127,306	5,490,130	5,300,000	5,811,176	5,650,000
<b>Total</b>	<b>5,127,306</b>	<b>5,490,130</b>	<b>5,300,000</b>	<b>5,811,176</b>	<b>5,650,000</b>



### Mixed Drink Taxes

Revenues from mixed drink taxes account for 0.2% of overall city revenues. A tax is assessed on all mixed drinks sold within the city limits of Huntsville. The mixed drink tax revenue budget is prepared based on Huntsville's historical collection trends. The average yearly increase in mixed drink tax revenue over the past nine years was 7%. The fiscal year 07-08 mixed drink tax budget was increased by 6%.

The below table shows total mixed drink tax revenue received in prior years and mixed drink tax revenue budgeted for fiscal year 07-08 for General Fund:



### Mixed Drink Tax Revenue

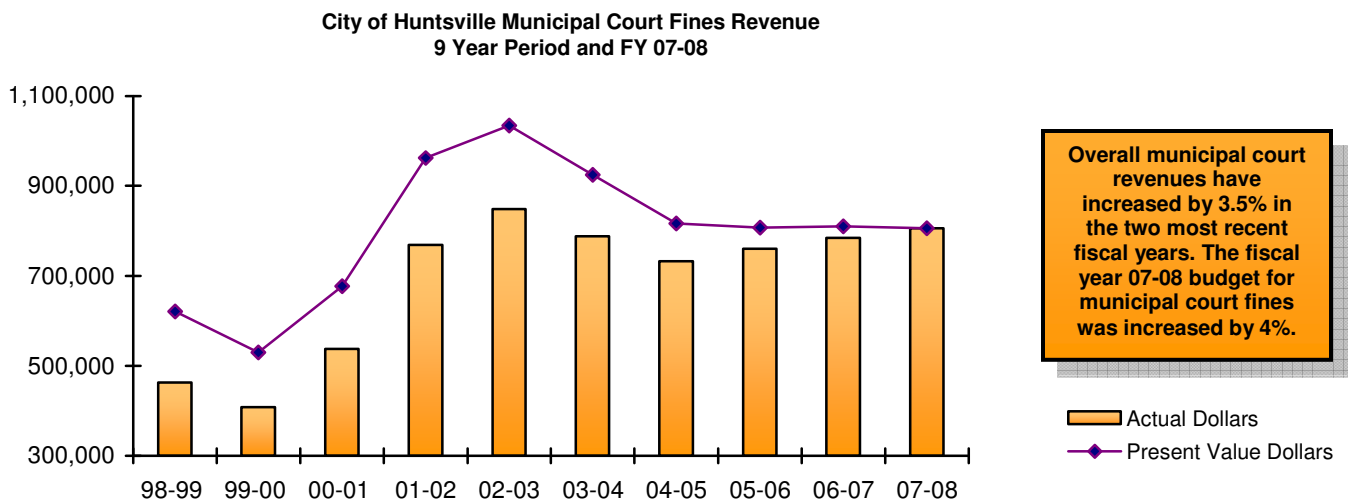
	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Mixed Drink Tax	66,604	59,106	66,000	67,302	70,000
<b>Total</b>	<b>66,604</b>	<b>59,106</b>	<b>66,000</b>	<b>67,302</b>	<b>70,000</b>



### Municipal Court Fines

Revenues from municipal court fines account for 2% of overall city revenues. The City of Huntsville Municipal Court is presided over by the City Judge, who is appointed by the City Council. The Municipal Court handles violations in accordance with State law and City ordinances and collects fines that are established by the City Judge. The City contracts with a commercial collection agency to trace and collect fines that are uncollectible by the Municipal Court.

The preparation of our budget for municipal court fines revenue begins with a review of Huntsville's historical court revenue collection trends. From fiscal years 98-99 to 02-03 court fines increased by 83% but have since experienced a 7.5% decline from the fiscal year 02-03 high of \$848,237 to estimated actual collections in fiscal year 06-07 of \$784,260. Revenue from municipal court fines is volatile and many factors affect the amount of revenue collected each year by the Court. Staffing levels and vacancies in the police department and prosecutors office affects the number of cases filed and prosecuted each year. Judgments entered and defendant's compliance with court orders also has an affect. During fiscal year 05-06 a marshal position was added and assigned full-time to the Municipal Court. The marshal's ability to serve warrants in a timely manner contributes to a higher level of compliance with court orders. State law allows Texas cities the option of collecting an additional five dollar fine on each conviction in order to offset the cost of salary expense for a juvenile case coordinator position. Beginning in fiscal year 06-07 the Huntsville City Council chose to enact the new fine and approved the addition of a juvenile case coordinator position to oversee and maintain case files, court procedures, parent notification and contact for juvenile cases. This new fine provided approximately \$15,000 in additional court fine revenue in fiscal year 06-07 and is expected to provide approximately \$24,000 in court fine revenue in fiscal year 07-08. Overall municipal court revenues have increased by 3.5% in the two most recent fiscal years. Taking into consideration the many factors affecting this revenue source including the rate of increase in the most recent years, the fiscal year 07-08 budget for municipal court fines was increased by 4%. The below graph shows the actual municipal court fine revenue and the present value of the revenue received by the City of Huntsville over the past nine years and the revenue budgeted for fiscal year 07-08 :



The below table shows total municipal court fines revenue received in prior years and revenue budgeted for fiscal year 07-08 for General, Court Security, and Court Technology Funds:



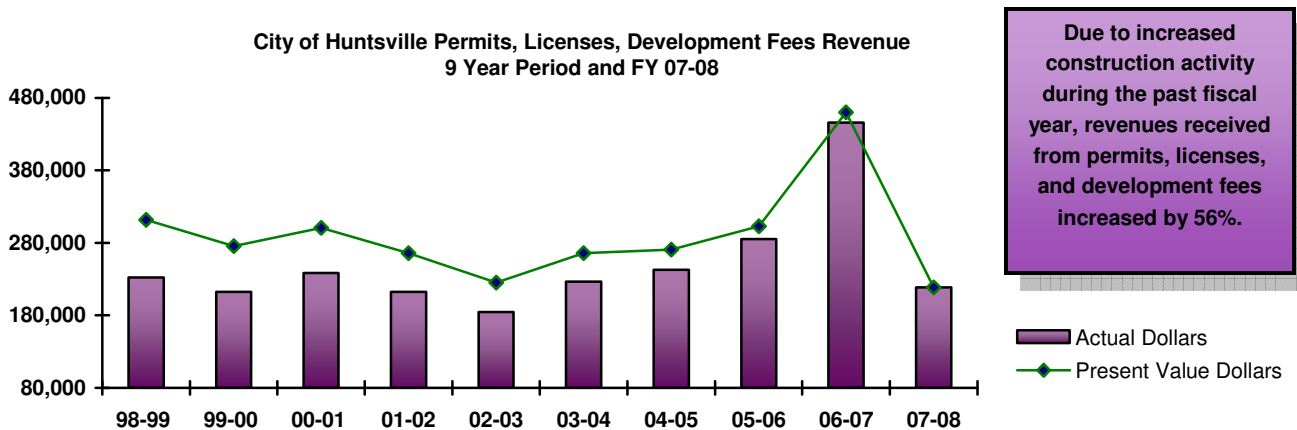
#### Municipal Court Fine Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Municipal Court Fines	699,122	724,174	740,200	750,183	770,700
Court Security Fines	15,004	15,312	15,000	14,604	15,000
Court Technology Fines	18,578	20,417	20,000	19,472	20,000
<b>Total</b>	<b>732,704</b>	<b>759,903</b>	<b>775,200</b>	<b>784,260</b>	<b>805,700</b>



## Permits, Licenses, Development Fees

Revenues from permits, licenses, and development fees account for 0.5% of overall city revenues. The City administers various permits, licenses, and development fees. Permits issued by the City include building, electrical, refrigeration, plumbing, wrecker, taxi, food establishment, and public improvement. Licenses including electrical, sign contractors, construction trade, liquor, beer, and wine are monitored by the City. The permits, licenses, and development fee revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from the City's Public Works Department staff. The average yearly increase in revenue from this source from fiscal year 98-99 through 05-06 was 3.2%. In fiscal year 03-04, fees for development related services were charged for the first time and in fiscal year 05-06, fees for construction trade licenses and public improvement permits were charged for the first time. When the revenue from these additional fees is excluded, the average yearly increase over the same time period drops to 1.2%. Due to increased construction activity during the past fiscal year, revenues received from permits, licenses, and development fees increased by 56%. In line with Huntsville's conservative budgeting approach and due to the volatile nature of this revenue source, the fiscal year 07-08 budget was not increased from the prior year budget. The below graph shows the actual permits, licenses and development fee revenue and the present value of the revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08 :



The below table shows total permits, licenses, and development fee revenue received in prior years and revenue budgeted for fiscal year 07-08 for the General Fund:



## Permits, Licenses, Development Fee Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Licenses	14,141	20,120	22,900	24,444	20,700
Permits	216,025	251,958	186,900	411,252	188,900
Development Fees	12,518	12,781	11,150	9,873	9,020
<b>Total</b>	<b>242,684</b>	<b>284,859</b>	<b>220,950</b>	<b>445,569</b>	<b>218,620</b>



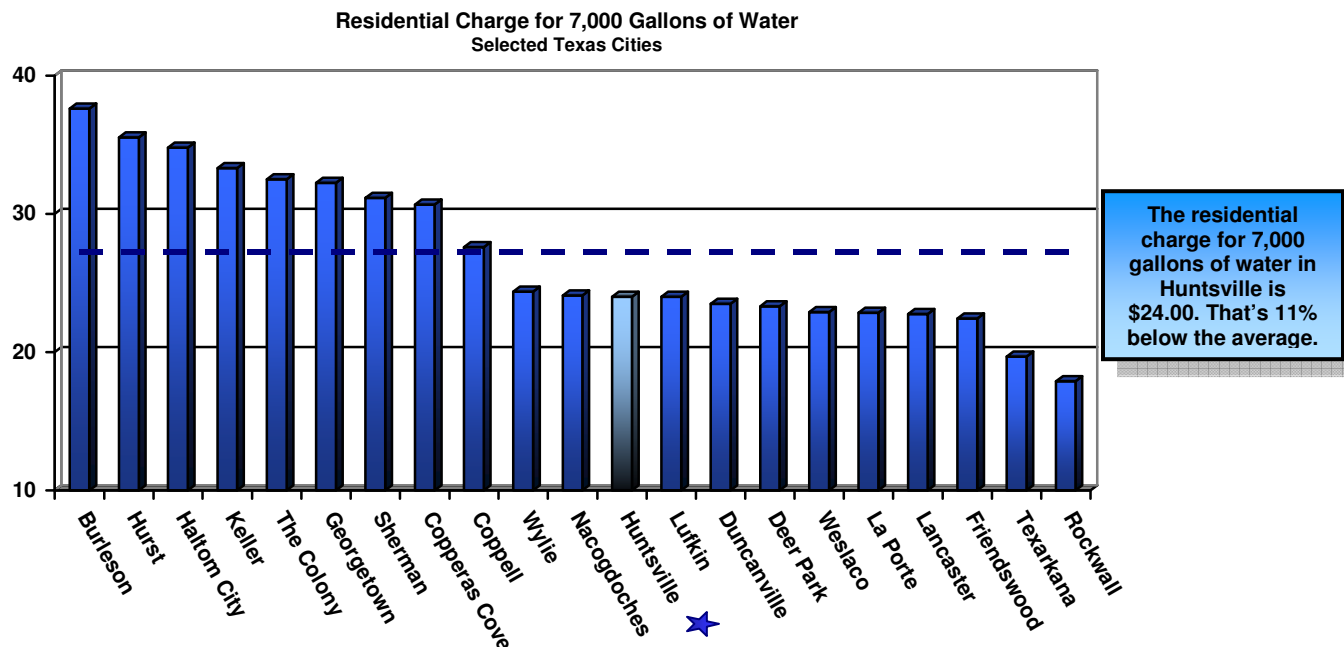
## Water Service Charges

Revenues from water service charges account for 21% of overall city revenues. The City of Huntsville provides treatment and distribution of water to the residents, businesses, and visitors of Huntsville as well as for Texas Department of Criminal Justice facilities, Sam Houston State University facilities, and industrial users such as Tenaska. Except for contractual customers, both residential and commercial customers are charged a water rate based on their meter size and amount of water used. There is a minimum bill based on meter size and a volume charge for water used in excess of 3,000 gallons. The rate structure for Tenaska, an electric cogenerating plant, is established by contract. Tenaska pays to the City the amount of annual debt service payments on improvements at the surface water treatment plant that were required in order to provide the quantity of water used by Tenaska. In addition, Tenaska pays a fixed payment of \$450,000 plus the cost of the purchase and treatment of the actual amount of water used. The below table shows the rate schedule for City of Huntsville water service:

City of Huntsville Water Rates			
Minimum Bill Based on Meter Size		Usage Charges Based on Gallons Used	
<u>Meter Size</u>	<u>Rate Charged</u>	<u>Single Family Residential</u>	
0.75	\$15.00	<u>Gallons Used</u>	<u>Rate Charged</u>
1.00	21.00	Under 3,000	See Minimum Bill
1.50	27.00	3,000-12,999	\$2.25 per 1,000 gallons
2.00	43.50	Over 13,000	\$2.64 per 1,000 gallons
3.00	165.00	<u>Commercial</u>	
4.00	210.00	<u>Gallons Used</u>	<u>Rate Charged</u>
6.00	315.00	Under 3,000	See Minimum Bill
8.00	435.00	Over 3,000	\$2.64 per 1,000 gallons

It is a priority of the Huntsville City Council to provide sufficient amounts of high quality water at the lowest rate possible to the citizens and customers of Huntsville. The City Council and City staff have worked diligently to keep water rates in Huntsville low, quantity of water sufficient, and quality of water and service high. The water distributed by the City of Huntsville exceeds all the standards set by the Texas Commission on Environmental Quality (TCEQ) and has been awarded the Superior Water Systems rating by the TCEQ. The City of Huntsville is able to maintain among the lowest water rates in Texas cities similar in population to Huntsville while providing an excellent quality of water and service to Huntsville water customers. The graph on the following page shows the residential costs for 7,000 gallons of water in selected Texas cities with populations between 30,000 and 40,000:

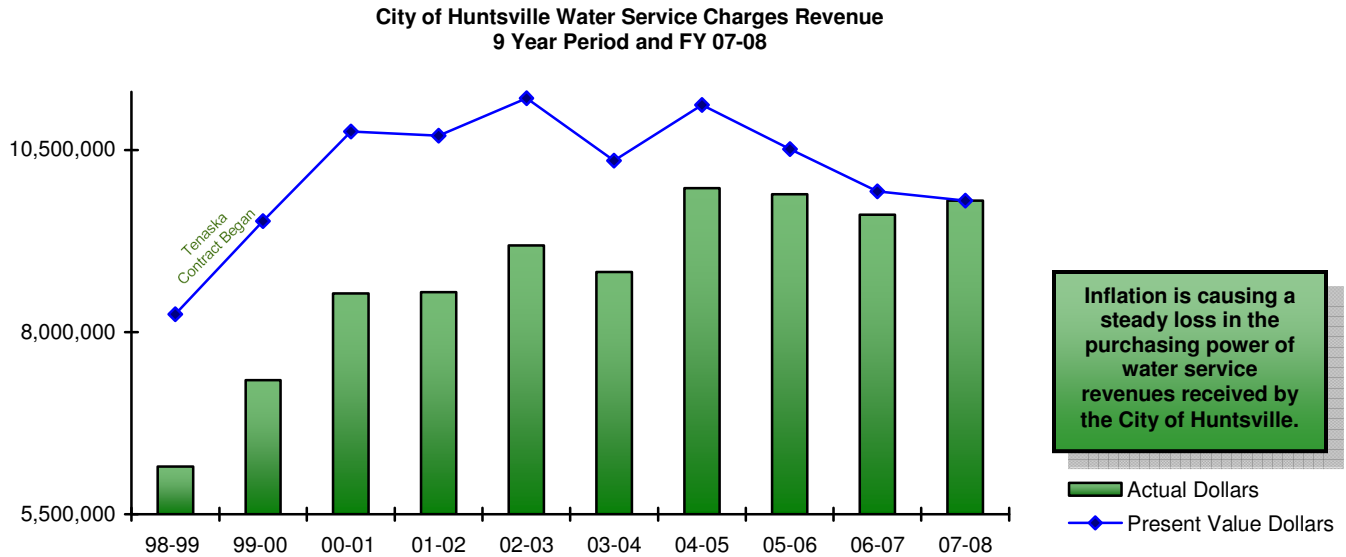




Compared to other Texas cities similar in size, Huntsville's water rates are extremely competitive. The cost for 7,000 gallons of water to a residential customer in Huntsville is \$24 and is 11% below the average charge from these cities. The City of Huntsville is able to provide outstanding water service to its customers while maintaining affordable water rates.

The preparation of our budget for water service revenue begins with a review of Huntsville's historical water service revenue collection trends. Because charges for water service are comprised of two components- a minimum base charge and a consumption charge- the water service revenues received by the City of Huntsville are affected not only by the total number of current water customers but also by the amount of water consumed by those customers. As the population of Huntsville grows, so does the demand for and usage of water. But population growth is not the only factor that affects how much water is consumed in Huntsville. The water system in Huntsville supplies water not only to those who live in our city, but also to those who conduct business, attend school, or travel through Huntsville. Weather conditions also affect consumption patterns. During years when rainfall is scarce and temperatures are hot, both water consumption and revenue climb. During years when rainfall is more plentiful, consumption is not as high and less revenue is collected. Because weather conditions are largely unpredictable, the City of Huntsville budgets water revenue conservatively. The average yearly increase in water service revenue over the past nine years was 7%. During fiscal year 06-07, the City of Huntsville experienced higher than normal rainfall contributing to less water use for irrigation purposes and as a result water service revenues collection saw a 3% decline from actual collections in fiscal year 05-06. The fiscal year 07-08 water service revenue budget was lowered by 1% from prior year budget.

Inflation affects the purchasing power of water service revenue just as it does property tax, sales tax, and all sources of revenue for the City of Huntsville. As inflation rises, the purchasing power of water service revenue falls. The City Council and City staff of Huntsville endeavor to ensure the delivery of high quality water while maintaining low water rates, all while battling against the rising cost of providing service. The graph on the following page shows both the actual and present value of the water service revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08:



The below table shows total water service charges revenue received in prior years and revenue budgeted for fiscal year 07-08 for the Water Fund:



#### Water Service Charges Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Water Sales	9,856,526	9,786,855	9,804,416	9,522,155	9,719,527
Water Taps	63,254	55,344	48,000	49,873	50,000
Late Payment Penalties	56,857	52,735	50,000	42,792	37,400
<b>Total</b>	<b>9,976,636</b>	<b>9,894,934</b>	<b>9,902,416</b>	<b>9,614,820</b>	<b>9,806,927</b>



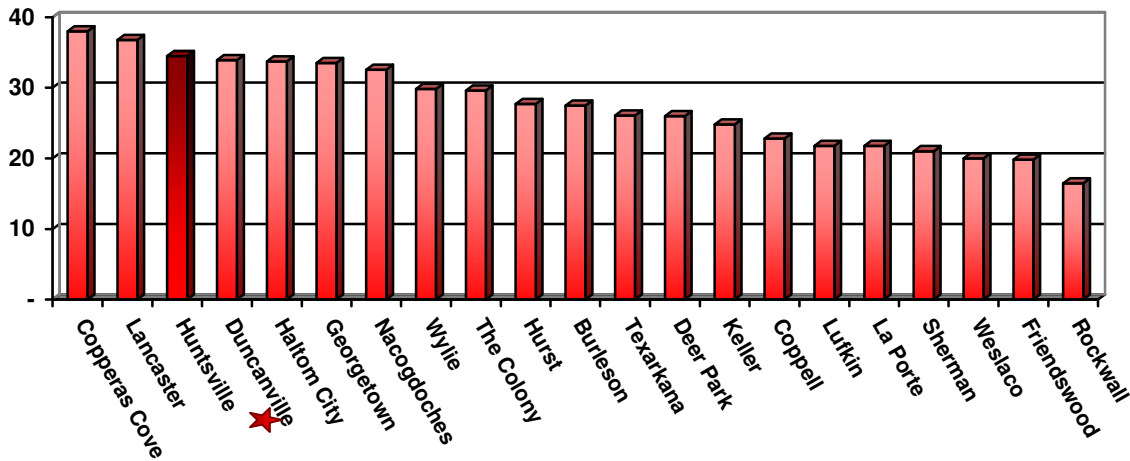
#### Wastewater Service Charges

Revenues from wastewater service charges account for 17% of overall city revenues. The City of Huntsville provides the collection and treatment of wastewater for the residents, businesses, and visitors of Huntsville as well as for Texas Department of Criminal Justice facilities and Sam Houston State University facilities. Because wastewater usage is not metered for most customers, charges for wastewater service are based on water usage. Water that is flushed and drained enters the City of Huntsville's wastewater system and is treated in one of Huntsville's wastewater treatment plants. Both residential and commercial customers are charged a wastewater rate that includes a minimum base bill and a consumption charge for amount of water used. For residential customers, the consumption charge is based on the average volume of water used in the winter months of November, December, January, and February in order to adjust for seasonal water usage for outdoor irrigation purposes. For commercial customers the consumption charge is based on actual volume of water used each month. The table on the following page shows the rate schedule for City of Huntsville wastewater service:

City of Huntsville Wastewater Rates	
Minimum Bill	
Customer Type	Rate Charged
Residential	\$15.00
Commercial	15.00
Usage Charges	
Based on Gallons Water Used	
Single Family Residential and Commercial	
Gallons Used	Rate Charged
Under 2,000	See Minimum Bill
Over 2,000	\$4.87 per 1,000 gallons

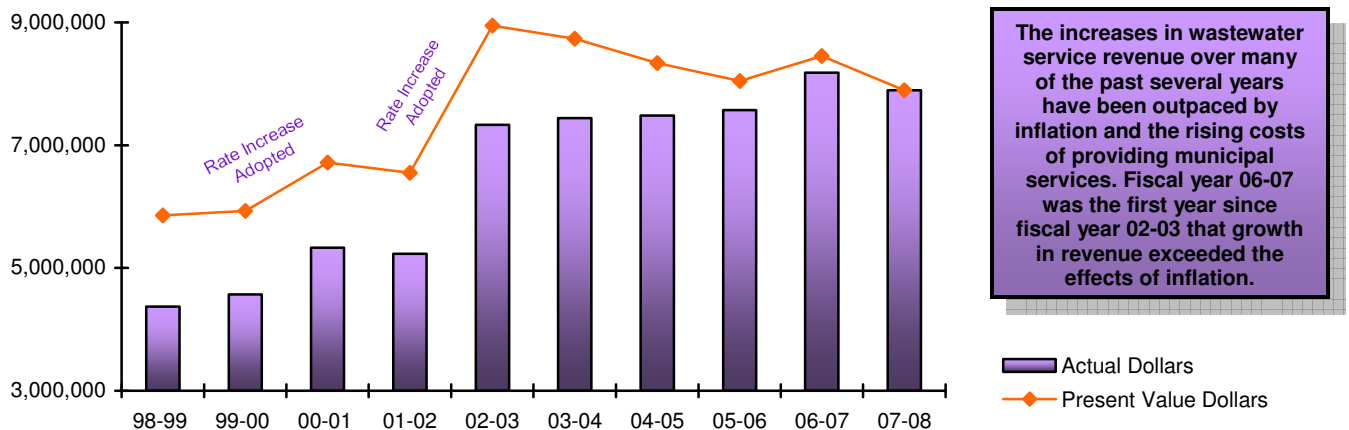
The Huntsville City Council is committed to providing high quality service to its citizens at the lowest possible cost. Huntsville's beautiful topography of seven hills and seven streams creates a stunning natural setting enjoyed by those who call Huntsville home, but it also causes wastewater service in Huntsville to be more expensive than most other similarly populated cities in Texas. Wastewater collection systems consist of buried pipelines that transport sewage to a wastewater treatment plant where it is treated to reduce the level of contaminants it contains. Whenever possible wastewater systems employ the force of gravity to transport sewage from homes and businesses to centralized treatment plants, but gravity cannot cause sewage to flow uphill. When a wastewater line reaches the base of a hill a lift station must be installed to "lift" sewage to a higher elevation where it can then continue to flow by gravity to the treatment plant. The topography of a community is a major factor in determining the number of lift stations that must be used. Communities with many hills such as Huntsville require many lift stations to be operated as part of the wastewater collection system and as a result the cost of wastewater service is higher. The City of Huntsville operates 27 lift stations as part of the wastewater collection system, but the average number of lift stations operated by Texas cities similar in population is just 17. The number of wastewater treatment plant facilities a city must operate also effects wastewater service costs. When a treatment facility nears its daily flow capacity, a city must construct another treatment facility or expand an existing facility. The debt resulting from expansion of treatment capacity contributes to higher wastewater service costs. Along with infrastructure considerations, many additional factors must be taken into account when comparing the costs of wastewater service among cities. Methods of calculating sewer charges vary from city to city and caution must be used to ensure the comparison is not skewed. Minimum base costs, gallons included in minimum, consumption charges per gallon, and whether or not a city practices winter averaging must be considered when performing a comparison. The graph on the following page shows the residential costs for wastewater service in selected Texas cities with populations between 30,000 and 40,000. (Because using a winter averaging method typically reduces the amount of gallons of wastewater a Huntsville customer is billed for on an annual basis to at least 80% of actual annual water consumption, the cities who use actual water consumption are based on 7,000 gallons of water usage and cities who use a winter averaging method are based on 80% of that volume.)

**Residential Charge for Wastewater**  
(Includes Storm Drainage Charges)  
Selected Texas Cities



The preparation of our budget for wastewater service revenue begins with a review of Huntsville's historical wastewater service revenue collection trends. Charges for wastewater service are comprised of two components- a minimum charge and a consumption charge based on the amount of water used. For most customers wastewater consumption is calculated from water usage. Wastewater service revenue, like water service revenue, is affected by total current wastewater customers and also by amount of water consumed by those customers. Although wastewater revenue trends and water revenue trends are related, significant differences do exist between them. Not all City of Huntsville water customers are also served by our wastewater system. Additionally, residential customers are charged a wastewater rate based on average winter water usage, so hot and dry weather conditions have a lesser impact on wastewater revenues than they do on water revenues. The average yearly increase in wastewater service revenue in fiscal years 98-99 through 06-07 was 10.9%. In both fiscal year 00-01 and 02-03, wastewater rate increases were adopted and resulted in significant revenue increases. The average yearly increase since the last wastewater rate increase in fiscal year 02-03 was just 2.9%. In fiscal year 06-07 wastewater service revenue increased by 8% and actual wastewater collections exceeded budget by 9%. The wastewater service revenue budget for fiscal year 07-08 was increased by 5.5% from the prior year budget. The increases in wastewater service revenue over many of the past several years have been outpaced by inflation and the rising costs of providing municipal services. Fiscal year 06-07 was the first year since fiscal year 02-03 that growth in revenue exceeded the effects of inflation. Each year the purchasing power of this revenue source declines as inflation rises, but the City Council and City staff continue to provide excellent service with fewer resources. The below graph shows both the actual and present value of the wastewater service revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08:

**City of Huntsville Wastewater Service Charges Revenue**  
9 Year Period and FY 07-08



The below table shows total wastewater service charges revenue received in prior years and revenue budgeted for fiscal year 07-08 for the Wastewater Fund:



### *Wastewater Service Charges Revenue*

	<b>Actual 04-05</b>	<b>Actual 05-06</b>	<b>Adopted 06-07</b>	<b>Estimated 06-07</b>	<b>Budget 07-08</b>
Wastewater Charges	7,376,575	7,468,551	7,375,000	8,075,459	7,800,000
Wastewater Taps	40,507	45,119	45,000	56,643	45,000
Late Payment Penalties	65,025	60,012	60,000	51,463	49,000
<b>Total</b>	<b>7,482,107</b>	<b>7,573,682</b>	<b>7,480,000</b>	<b>8,183,566</b>	<b>7,894,000</b>



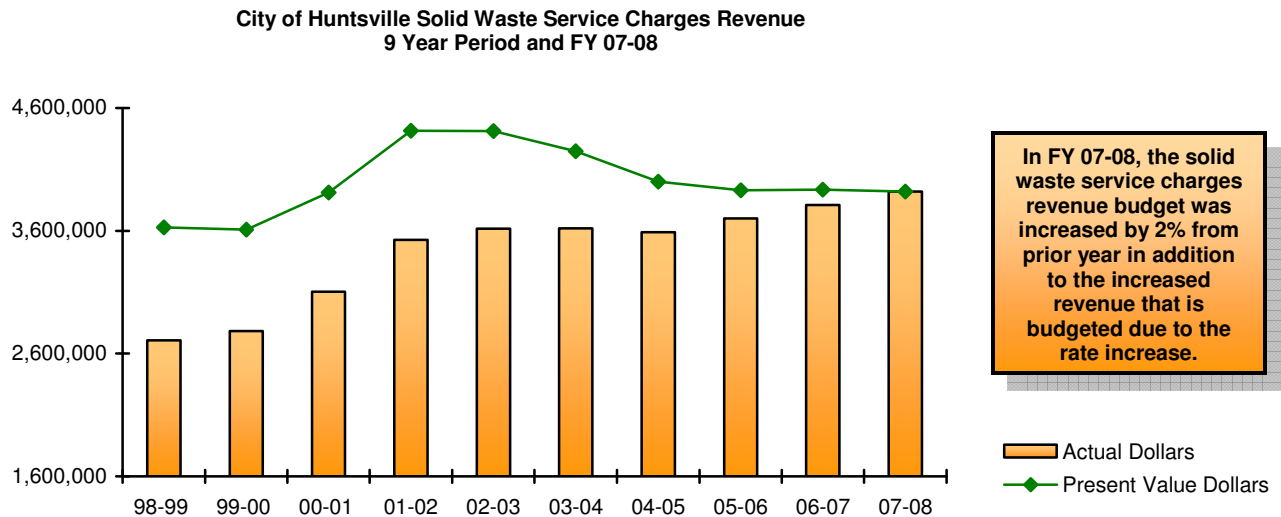
### *Solid Waste Service Charges*

Revenues from solid waste service charges account for 8% of overall city revenues. The City of Huntsville provides the collection and disposal of solid waste for the residents and businesses of Huntsville. Residential customers in single family dwellings are charged \$17.90 per month for these services and have their waste collected twice per week. Commercial rates are based on the size of the container and number of times waste is collected each month. In addition to Huntsville residents and businesses, the City also provides the disposal of solid waste for the Texas Department of Criminal Justice, Sam Houston State University, and areas throughout Walker County. The City of Huntsville operates a transfer station facility and transfers solid waste to the Polk County Solid Waste Management Center for disposal. The City of Huntsville charges a disposal fee based on tonnage of waste brought to the transfer facility.

The monthly residential solid waste collection rate was adjusted in fiscal year 07-08 for the first time since fiscal year 01-02. Each year the City of Huntsville evaluates its utility revenues and costs of utility service provision to determine if the utility rates being charged are still sufficient to cover the cost of providing the service. Our analysis looks at costs associated with operations and maintenance as well as crucial capital investments. Associated costs include employee services (labor and benefits), services and utilities (electricity, waste disposal, etc), chemicals, fuel, equipment (vehicles, containers, tools, etc), and, debt service. Based on cost increases associated with curbside collection and disposal of garbage it was determined that residential rates would need to be increased in order to continue to provide twice per week curbside collection and disposal of residential solid waste, as well as yard and bulk waste collection.

Beginning this year, the City of Huntsville will be implementing a new, automated system of residential collection in place of the current manual collection system. Automation is a more efficient way to collect garbage and is safer for the employees of Solid Waste Services. Automated collection is projected to cost approximately 2 million dollars less than manual collection over a 10 year period. After the initial capital investment for automated equipment is fully paid (5-6 years), automated collection is projected to cost approximately 40% less than manual collection.

The preparation of our budget for solid waste service revenue begins with a review of Huntsville's historical solid waste service revenue collection trends. The average yearly increase in solid waste service revenue over the past nine years was 5%, but the average yearly increase over the past five years was 1.3%. The average yearly increase in the past two years was 3%. In accordance with historical increases and Huntsville's conservative budgeting, the solid waste service revenue budget for fiscal year 07-08 was increased by 2% from the prior year budget in addition to the increased revenue that is budgeted due to the rate increase. Like water and wastewater service revenue, the increases in solid waste service revenue over many of the past several years have been outpaced by inflation. The below graph shows both the actual and present value of the solid waste service revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08:



The below table shows total solid waste service charges revenue received in prior years and revenue budgeted for fiscal year 07-08 for the Solid Waste Fund:



### Solid Waste Service Charges Revenue

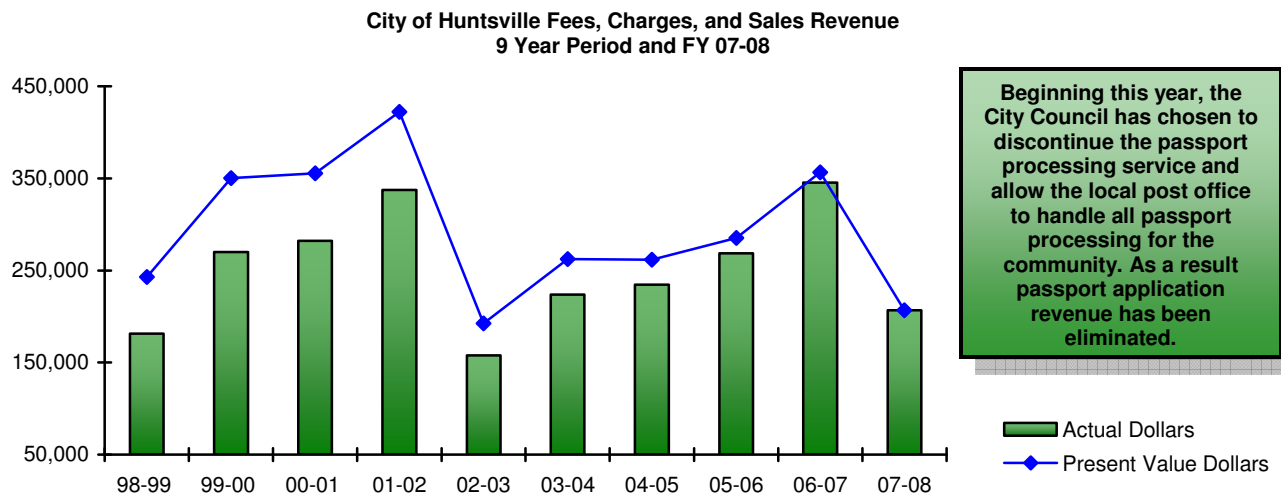
	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Residential Collections	1,282,245	1,295,265	1,280,000	1,307,742	1,472,550
Commercial Collections	1,615,419	1,665,840	1,675,000	1,744,309	1,702,000
Disposal Fees	652,392	699,945	675,000	723,039	711,000
Late Payment Penalties	39,525	39,168	39,000	34,826	33,000
<b>Total</b>	<b>3,589,580</b>	<b>3,700,217</b>	<b>3,669,000</b>	<b>3,809,916</b>	<b>3,918,550</b>





## Fees, Charges, Sales

Revenues from fees, charges, and sales account for 0.5% of overall city revenues. The City collects fees and charges for certain services in order to partially offset the cost of providing and administering these services. These fees and charges include such things as park rental fees, recreation program and aquatic center fees, library fees, returned check charges, and utility service connection and reconnection charges. The fees, charges, and sales revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from City staff. The average yearly increase in revenue from fees, charges, and sales over the past nine years was 11%. In General Fund, fees from passport applications increased by over 161% from fiscal year 02-03 through fiscal year 06-07 and contributed approximately \$46,000 to the General Fund fees, charges, and sales revenue. Beginning this year, the City Council has chosen to discontinue the passport processing service and allow the local post office to handle all passport processing for the community. As a result passport application revenue has been eliminated from the fiscal year 07-08 fees, charges, and sales budget contributing to a decrease in the budgeted revenue from this revenue source. The below graph shows both the actual and present value of the fees, charges, and sales revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08:



The below table shows total fees, charges, and sales revenue received in prior years and revenue budgeted for fiscal year 07-08 for the General, Special Revenue, and Enterprise Funds:



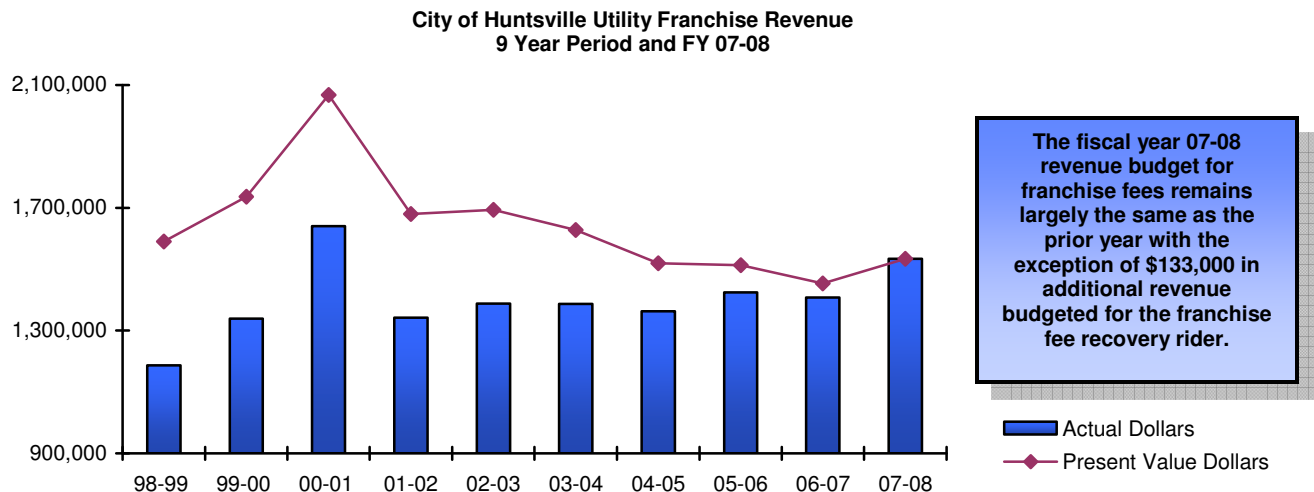
## Fees, Charges, Sales Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
General Fund	78,921	102,200	114,050	146,752	64,650
Special Revenue Funds	49,909	60,352	39,200	77,453	60,700
Water Fund	67,127	64,786	45,000	95,072	66,500
Wastewater Fund	12,890	29,752	12,000	-	-
Solid Waste Fund	1,086	1,105	1,000	2,036	-
Cemetery Fund	24,732	10,470	15,000	23,930	15,000
<b>Total</b>	<b>\$234,665</b>	<b>\$268,665</b>	<b>\$226,250</b>	<b>\$345,243</b>	<b>206,850</b>



## Utility Franchise Fees

Revenues from utility franchise fees account for 3% of overall city revenues. The City of Huntsville collects franchise fees from utility companies and allows them to place facilities (i.e. poles and wires) on public property (i.e. rights-of-way/easements). Utilities companies such as electrical providers, gas providers, telephone providers, and telecable providers which utilize public rights-of-ways in the City of Huntsville pay a franchise fee. The preparation of our budget for utility franchise fee revenue begins with a review of Huntsville's historical franchise fee revenue collection trends. The average yearly increase in revenue from this source over the past nine years was 2.3%, but the average yearly increase over the past five years was just 0.4%. Franchise fee collection from both gas and telephone providers has declined an average of 4% each year over the past five years. Legislation changing the way in which electric franchise fees could be charged went in to effect in 2002. This change in methodology resulted in a decrease in electric franchise fee revenues the City receives. However, the legislation does allow the City to enact a franchise fee recovery rider in order to offset the impact of the reduction in revenue. The City Council has decided to pursue implementation of the franchise recovery fee rider for the electric utilities. The fiscal year 07-08 revenue budget for franchise fees remains largely the same as the prior year with the exception of \$133,000 in additional revenue budgeted for the franchise fee recovery rider. The below graph shows both the actual and present value of the utility franchise fee revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08:



The below table shows total utility franchise fee revenue received in prior years and revenue budgeted for fiscal year 07-08 for the Street Special Revenue Fund:



## Utility Franchise Fees Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Electric	816,192	861,313	830,000	851,582	979,000
Telephone	255,480	242,455	240,000	242,540	240,000
Gas	100,696	110,831	125,000	100,564	115,000
Telecable	190,904	209,720	191,000	212,927	200,000
<b>Total</b>	<b>1,363,271</b>	<b>1,424,319</b>	<b>1,386,000</b>	<b>1,407,613</b>	<b>1,534,000</b>



## Right-of-Way Maintenance

Revenues from right-of-way maintenance charges account for 1.5% of overall city revenues. The City of Huntsville's Water, Wastewater, and Solid Waste Funds pay the Street Special Revenue Fund a portion of their revenues in order to offset the Street Fund's cost of maintaining the public streets and right-of-ways for use in operating the Water, Wastewater, and Solid Waste utilities. The City's water and wastewater transmission lines are located in City streets and right-of-ways and it is important that they be maintained in manner that ensures the City's infrastructure investment is protected and can be accessed for maintenance, repair, and replacement when needed. Well-maintained streets and right-of-ways also ensure that City staff is able to provide high quality service to citizens and utility customers. The right-of-way maintenance revenue budget is prepared based on Water, Wastewater, and Solid Waste fund revenue budgets. The Street Fund receives 3.5% of the utility fund's budgeted revenue.

The below table shows total right-of-way maintenance revenue received in prior years and revenue budgeted for fiscal year 07-08 for the Street Special Revenue Fund:



### Right-of-Way Maintenance Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Charge to Water Fund	217,500	302,566	366,009	366,009	364,690
Charge to Wastewater Fund	219,000	226,215	272,144	272,144	287,659
Charge to Solid Waste Fund	108,375	108,243	112,074	112,074	134,330
<b>Total</b>	<b>544,875</b>	<b>637,024</b>	<b>750,227</b>	<b>750,227</b>	<b>\$ 786,679</b>



## Grants, Reimbursements, Contributions

Revenues from grants, reimbursements, and contributions account for 1% of overall city revenues. The City of Huntsville receives grants and contributions from various sources, for various purposes, and in various amounts. The reimbursement and contribution revenue budget is prepared conservatively based on Huntsville's historical collection trends and estimates from City staff. The grant revenue budget is prepared based on grants awarded to the City, grants applied for by the City, and City staff's knowledge of any upcoming grants for which the City may apply. Every effort is made to include all grants that can reasonably be anticipated, but given the nature of grant announcements and cycles, occasionally the budget must be amended during the year to provide for grants that are sought or received that were not included in the original budget. The below table shows total grants, reimbursements, and contributions revenue received in prior years and revenue budgeted for fiscal year 07-08 for all operating funds:



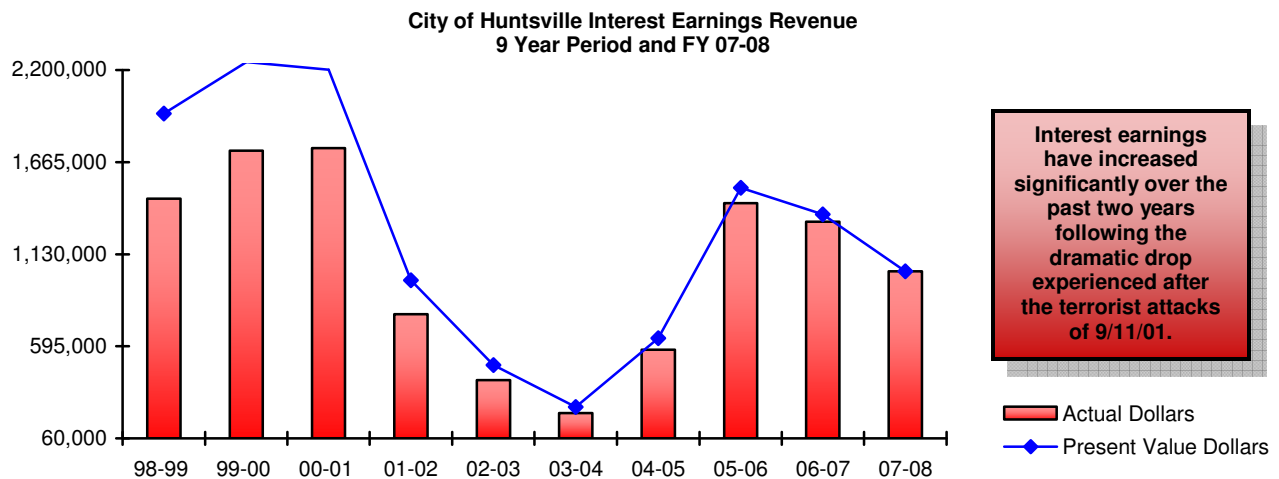
### Grants, Reimbursements, Contributions Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Grants	578,608	107,613	797,457	278,463	317,760
Reimbursements	109,114	49,416	5,804	3,734	-
Contributions	44,277			18,677	11,404
<b>Total</b>	<b>731,999</b>	<b>157,029</b>	<b>803,261</b>	<b>300,875</b>	<b>329,164</b>



## Interest Earnings

Revenues from interest earnings account for 2% of overall city revenues. The City of Huntsville earns interest on invested funds. The City of Huntsville must invest funds according to the Texas Public Funds Investment Act. The interest earnings revenue budget is prepared based on City financial staff's and advisor's analysis of interest rates, historical trends and projection of amount of funds to be invested. A conservatively projected interest rate was applied to the average fund balance over the past several years and compared to expected fiscal year 06-07 collections. During the years immediately following the terrorist attacks of September 11, 2001, interest rates decreased dramatically, but over the past two years interest rates have risen significantly. The below graph shows both the actual and present value of the interest earnings revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08:



The below table shows total interest earnings revenue received in prior years and revenue budgeted for fiscal year 07-08 for all operating funds:



## Interest Earnings Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Interest Earnings	575,640	1,427,321	901,950	1,318,002	1,011,918
<b>Total</b>	<b>575,640</b>	<b>1,427,321</b>	<b>901,950</b>	<b>1,318,002</b>	<b>1,011,918</b>

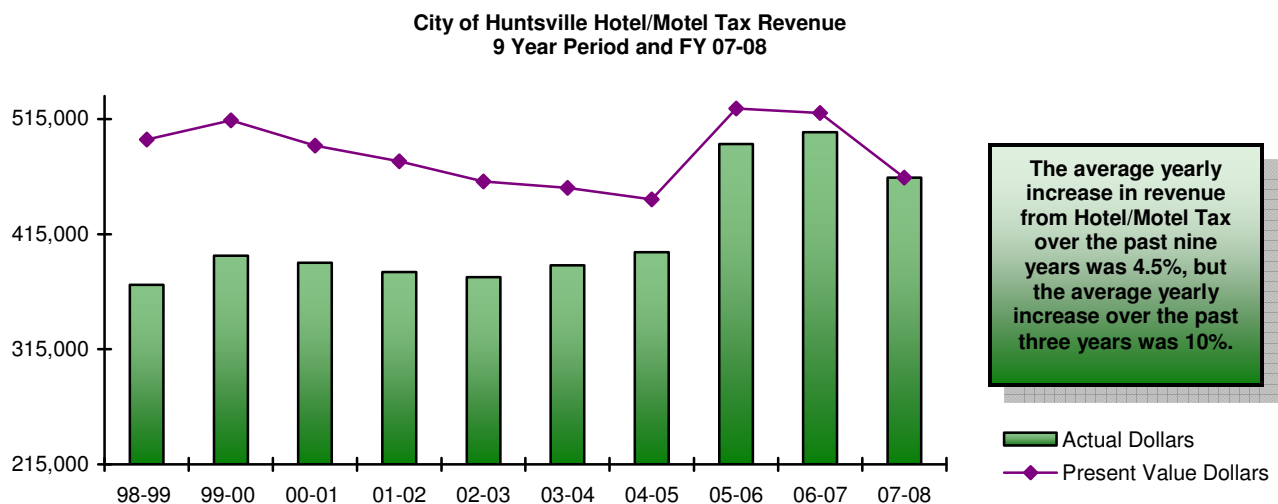


## Hotel/Motel Taxes

Revenues from hotel/motel taxes account for 1% of overall city revenues. The Tax Code allows most cities the option of levying an occupancy tax of up to 7% on the price of a hotel or motel room. Texas counties are also authorized to adopt a tax amount between 2% and 7% of the amount paid for a hotel room and the State of Texas imposes a hotel occupancy tax of 6%. Unlike the local sales tax, the hotel occupancy tax is optional and can be imposed without the approval of voters. Under the law, local government proceeds from this tax must be earmarked for certain specified purposes, including the advertising and promotion of the city and its vicinity to attract tourism, arts and cultural activities, historical restoration and preservation activities, registration of convention delegates, operation of visitor information centers, the construction of civic centers and auditoriums, and sporting events.

Two questions must be answered to determine if a proposed use for the hotel occupancy tax is valid. First, does the expenditure directly enhance and promote tourism and the convention and hotel industry? In other words, does it put "heads in beds"? Secondly, does the expenditure fall under one of the six statutory categories for expenditures of these revenues? The six categories are as follows: funding the establishment, improvement, or maintenance of a convention center or visitor information center; paying the administrative costs for facilitation convention registration; paying for tourism-related advertising and promotions of the city or its vicinity; funding programs which enhance the arts; funding historical restoration or preservation programs; and funding for sporting events in a county under 290,000 in population. Texas statutes include additional rules regarding the actual percentages of the hotel occupancy tax revenue that can be spent on each of these six categories. These rules, however, differ depending on the population of the city. The hotel occupancy tax cannot be used for general revenue purposes or to pay for expenses that are not directly related to the promotion of tourism.

The hotel/motel tax revenue budget is prepared based on Huntsville's historical collection trends and activity estimates from the City staff and financial consultants. The average yearly increase in revenue from this source over the past nine years was 4.5%, but the average yearly increase over the past three years was 10%. In accordance with historical average increases with emphasis on most recent historical activity, the City of Huntsville's conservative budgeting approach, and input from the City's financial advisors hotel/motel tax revenue budget for fiscal year 07-08 was increased by 5.5% from the prior year budget. The below graph shows both the actual and present value of the hotel/motel tax revenue received by the City of Huntsville over the past nine years as well as the revenue budgeted for fiscal year 07-08:



The below table shows total hotel/motel tax revenue received in prior years and revenue budgeted for fiscal year 07-08 for the Hotel/Motel and Arts Center Funds:



### Hotel/Motel Tax Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
H/M Tax- Arts	57,055	70,490	60,000	71,874	64,000
H/M Tax- Tourism	171,171	211,470	190,000	215,810	200,000
H/M Tax- Visitors Center	171,171	211,471	190,000	215,873	200,000
<b>Total</b>	<b>399,397</b>	<b>493,432</b>	<b>440,000</b>	<b>503,558</b>	<b>464,000</b>



### Intergovernmental Payments

Revenues from intergovernmental payments received account for 1% of overall city revenues. The City of Huntsville receives payments from Walker County and Huntsville Independent School District for public safety related services. Walker County contracts with the City for fire protection services and the Huntsville Independent School District contracts with the City for the operation of the School Resource Officer program. The intergovernmental payments revenue budget is prepared based on Huntsville's payment amount agreements included in the respective contracts.

The below table shows total intergovernmental payments revenue received in prior years and revenue budgeted for fiscal year 07-08 for the General and School Resource Officer Funds:



### Intergovernmental Payments Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Walker County Payments	246,487	246,487	246,487	246,487	246,487
HISD Payments	224,000	246,282	224,000	257,457	249,256
<b>Total</b>	<b>470,487</b>	<b>492,769</b>	<b>470,487</b>	<b>503,944</b>	<b>495,743</b>



### Health Insurance Payments

Revenues to the Insurance Fund from City and employee health insurance payments account for 6% of overall city revenues. Of the 6%, 5% consists of payments from City funds for the City's portion of the cost of providing city employee and retiree health insurance which includes medical, dental and life insurance. 1% consists of payments from city employees and retirees for their portion of the cost of their health insurance. The preparation of our budget for health insurance payments revenue begins with the receipt of health plan proposals from the City's benefits consulting company. Payment amounts are set at the appropriate level to provide adequate funding for the City's health plan. Payments amounts for employees and retirees are based on the coverage option they choose.



The below table shows total health insurance payments revenue received in prior years and revenue budgeted for fiscal year 07-08 for the Medical Insurance Fund:



### Health Insurance Payments Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
City Fund Payments	1,434,773	1,656,072	1,943,567	1,950,081	2,303,976
Employee/Retiree Payments	295,646	413,385	461,860	454,904	440,000
<b>Total</b>	<b>1,730,419</b>	<b>2,069,457</b>	<b>2,405,427</b>	<b>2,404,985</b>	<b>2,743,976</b>



### Administrative Reimbursements

Revenues from administrative reimbursements account for 11% of overall city revenues. Water, Wastewater, Solid Waste, and Street Fund reimburse the General Fund for their portion of the administrative costs. Administrative services are budgeted in the General Fund, but provide management and administrative services for each of these other funds as well. The costs of providing these services are divided among the funds that utilize them. The method of calculation for the allocation of costs is dependent on the nature of the service being provided. The below table shows the different methods of allocation:

## FY 2007-2008 Administrative Reimbursements

### General Fund

#### General Administrative Reimbursements

The allocations for the below divisions are based on percent of total adjusted budget in each fund.

City Council  
Office of City Manager  
Office of City Secretary  
Office of City Attorney  
Risk & Safety Management  
Finance  
Office Services  
Purchasing  
Building Services

#### Human Resources Reimbursements

The allocation for the below division is based on number of employees in each fund.

Human Resources

#### Fleet Administrative Reimbursements

The allocations for the below divisions are based on the value of warehoused inventory and the insured value of fleet belonging to each fund respectively.

Fleet and Warehouse Administration  
Garage Services

#### Technology Administrative Reimbursements

The allocation for Information Technology administration is based on percent of total adjusted budget in each fund.

The allocation for Information Technology software maintenance is based on the costs of the software and computer applications used by each fund.

#### Public Works Administrative Reimbursements

The allocations for the below divisions are based on estimates of personnel time usage in each fund.

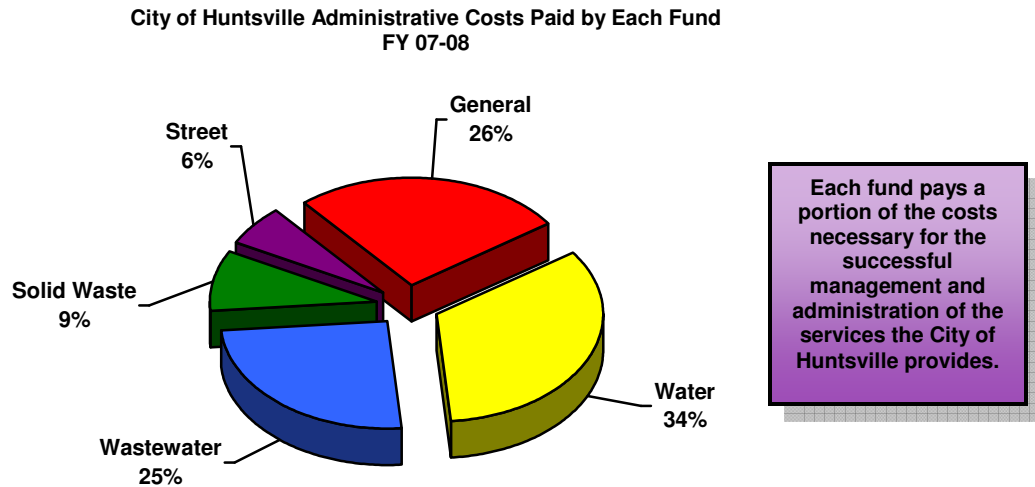
Public Works Administration  
Planning  
Engineering  
Surveying  
Central Inspection  
Health Inspection

#### Public Utilities Administrative Reimbursements

The allocation for the below division is based on percent of utility related budget in each fund.

Public Utilities Administration

The below graph shows the portion of General Fund administrative costs paid by each fund in fiscal year 07-08:



In addition to reimbursements to the General Fund, the Enterprise Funds also receive reimbursement for certain services. Water Fund is reimbursed by the Wastewater and Solid Waste Funds for utility billing and meter reading services. Wastewater Fund is reimbursed by the Water Fund for environmental lab services.

The below table shows total administrative reimbursements revenue received in prior years and revenue budgeted for fiscal year 07-08 for the General, Water, Wastewater, and Street Fund:



#### Administrative Reimbursement Revenue

	Actual 04-05	Actual 05-06	Adopted 06-07	Estimated 06-07	Budget 07-08
Reimbursements- General	3,696,776	4,215,525	4,653,361	4,653,361	4,958,864
Reimbursements- Water	376,433	397,637	311,619	311,619	306,410
Reimbursements- Wastewater	56,570	55,046	55,208	55,208	60,833
<b>Total</b>	<b>4,129,779</b>	<b>4,668,208</b>	<b>5,020,188</b>	<b>5,020,188</b>	<b>5,326,107</b>

# Summary of Revenue Projection Methods

Revenue Category	%	Historical/Time Series Trend	Informed/Expert Judgment	Activity Estimates	Contract Terms
 Property Taxes	9.0%	✓	✓		
 Sales Taxes	12.0%	✓	✓	✓	
 Mixed Drink Taxes	0.2%	✓	✓	✓	
 Municipal Court Fines	2.0%	✓	✓	✓	
 Permits, Licenses, Development Fees	0.5%	✓	✓	✓	
 Water Service Charges	21.0%	✓	✓	✓	✓
 Wastewater Service Charges	17.0%	✓	✓	✓	
 Solid Waste Service Charges	8.0%	✓	✓	✓	✓
 Fees, Charges, Sales	0.5%	✓	✓	✓	
 Utility Franchise Fees	3.0%	✓	✓	✓	✓
 Right-of-Way Maintenance	1.5%			✓	
 Grants, Reimbursements, Contributions	1.0%	✓	✓	✓	
 Interest Earnings	2.0%	✓	✓	✓	
 Hotel/Motel Taxes	1.0%	✓	✓	✓	
 Intergovernmental Payments	1.0%				✓
 Health Insurance Payments	6.0%	✓	✓	✓	
 Administrative Reimbursements	11.0%			✓	





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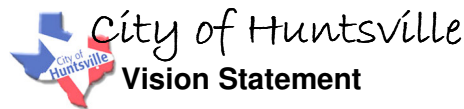
# Our Goals and Effectiveness

The City of Huntsville's leadership is intensely committed to our community and exercises great diligence in planning for the future of Huntsville. The Huntsville Horizon Plan, the first comprehensive plan for the City of Huntsville, was completed during the past fiscal year. The Comprehensive Plan is designed as a framework for the future development of the City and its two-mile planning jurisdiction over the next 20 years and beyond. It is intended to guide the community's decisions regarding its future physical, economic, and social development. The Comprehensive Plan plays a significant role in the development of goals and guided the Council's 2007 strategic planning process. The strategic planning process provides the City Council the opportunity to determine their vision for the long-term future of Huntsville and set goals to accomplish that vision. The City periodically conducts a citizen's survey to allow the Council to focus on our citizen's priorities and interests. Equipped with the results of the citizen survey and the Comprehensive Plan, the City Council and senior staff engage in yearly strategic planning sessions in order to plan for the future of Huntsville. The plans and goals that result from these sessions guide the entire organization not only in decisions pertaining to special projects and programs, but also in daily operations. Each department of the City seeks to fulfill the City Council's strategic plan and the Huntsville Horizon Comprehensive Plan through every service they perform. Each City department has outlined their major function and purpose and has aligned themselves with the Council goals over which they have especially significant and vital influence. In order to succeed in the fulfillment of these goals, department staff has identified intermediate operational objectives for the coming year. Department staff has also identified key measures to determine the effectiveness of their services in achieving their purposes, goals, and objectives. When coupled with prior year accomplishments, these objectives and measures help us mark our progress toward the achievement of the City Council's vision for the future of our City and our pursuit of excellence in service.





We serve Huntsville by providing high quality, continuously-improving public services for present and future generations.



The City of Huntsville's guiding vision is...

...to be a community that values "community" first and foremost by capitalizing on its resourceful citizens, community groups, businesses, the Texas Department of Criminal Justice and Sam Houston State University in the spirit of partnership and continuous improvement;

...to be a community that promotes diverse and high quality opportunities for families, youth, education, and health care;

...to be a community that takes pride in a positive image and appearance that is recognized and enjoyed by residents and visitors alike;

...to be a community that strives to balance residential, commercial, industrial, and public/institutional development supported by quality infrastructure and transportation systems;

...to be a community that values the safety of its citizens through effective law enforcement programs and sound development practices that buffer neighborhoods from incompatible development and excessive traffic;

...to be a community that celebrates and builds on its rich history, image, and population diversity;

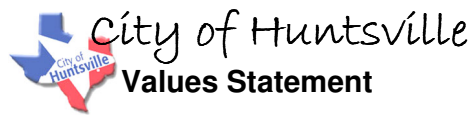
...to be a community that welcomes visitors, students, and new residents with affordable housing, livable neighborhoods, quality schools, an unmatched parks and recreation system, and efficient public service delivery;

...to be a community that is prepared for and amenable to new development while recognizing the fundamental importance of its established neighborhoods, commercial corridors, and historic areas;

...to be a community that appreciates its land and natural resources and continues to be a leader among municipalities in local land use management and land character preservation;

...to be a community that embraces managed growth and sustainable employment and economic development that increases the wealth of the entire community; and

...to be a community known for its outstanding public and private leadership, responsiveness to the needs of its residents and businesses, and positive and innovative approaches to community development challenges.



Public service is our business and our goal. We believe in commitment - not just to our job, but to our faith, our beliefs, and our family. Our pride in our work and the organization compels us to a high degree of professionalism.

**H**onesty in all our actions.

**U**nited in our commitment to ensure a safe work environment, fair wages and benefits, and opportunities for advancement.

**N**urture an environment of cooperation between the city and its citizens.

**T**eamwork, depending on one another to improve the quality of life.

**S**ervice excellence provided at every level in an efficient and economical manner.

**V**ision of an enriched future, enhanced by encouraging skills, talents, and potential of our employees through training, opportunity, and recognition.

**I**ntegrity demonstrated in the treatment of our coworkers and those we serve and protect.

**L**eadership through communication in a responsive manner, while maintaining a high degree of professionalism.

**L**oyalty to our faith, our beliefs, and our families.

**E**mbrace the diversity of our employees as the strength of our organization.

City of Huntsville

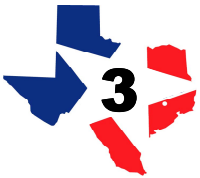
## City Council Goal Statements



The City of Huntsville is a safe, healthy and historic community with high quality, affordable housing.



The City of Huntsville is an economically thriving community.



The City of Huntsville is an attractive city with great parks and full of educational and cultural opportunities.











The City of Huntsville is a well-managed and well-planned community with "best in class" public services.

# Establishing Our Long-term Goals and Short-term Objectives

## Long Term Goals






## FY 07-08 Objectives






 <p>The City of Huntsville is a safe, healthy and historic community with high quality, affordable housing.</p> 	<b>Charter Offices</b>		Fund and continue implementation of Comprehensive Plan
			Administer effective and impartial justice for citizens in matters related to Class "C" offenses filed with in the city limits of the City of Huntsville.
	<b>Administrative Services</b>		Monitor workers compensation claims to reduce lost time and to offer early return to work programs to injured workers
			Continue to administer the random drug testing program
			Develop a point system for safety rules violations
			Establish a comprehensive work safety program
	<b>Finance Department</b>		Review and improve courtroom security measures
			Explore amnesty and warrant roundup programs to resolve old outstanding cases
	<b>Public Utilities Department</b>		Continue to assist low income and non-profit organizations by supplying construction materials from the Trash Into Plow Share (TIPS) Warehouse Program
	<b>Public Works Department</b>		Develop departmental mapping websites for internal and external usage such as a sexual offender website for the public and a 911-address look-up
			Implement a preferred contractor program to assist citizens in choosing good contractors
			Reduce the number of violations found in food service establishments
			Reduce the number of food service establishments re-inspections due to poor initial inspection results
			Reduce the number of food service establishments re-inspections due to poor initial inspection results
	<b>Public Safety Department</b>		Hire two additional police officers
			Complete conversion of the HPD to the 800 MHz radio system
			Begin discussions with Walker County representatives to establish a full time combined Emergency Management Coordinator position
			Expand membership and capabilities of Special Response Team
			Implement CRIMES mobile package
			Continue conversion of In Car Video Systems (ICVS) to digital base
			Complete implementation of on site AFIS (Automated Fingerprint Identification System)
			Implement Offender Watch program
			Hire two additional full time firefighters
			Form Northeast Fire Station advisory committee to assist in the development of request for qualifications (RFQ) for architect
			Purchase land and hire architect for northeast fire station
			Begin discussion with county volunteer fire departments for conversion to 800 MHz radio system
			Take delivery of fast attack fire vehicle and order and place in service a tanker pumper fire truck
			Participate in Citizens' Emergency Response Team in advisory role
			Establish certified Arson Investigator position

# Establishing Our Long-term Goals and Short-term Objectives

## Long Term Goals

## FY 07-08 Objectives






 <p><b>The City of Huntsville is an economically thriving community.</b></p> 	<b>Charter Offices</b>		Fund and continue implementation of Comprehensive Plan
			Begin implementation of ED Strategic Plan. Focus on Task Force activation, incentive policies development and development and implementation of ED Marketing Plan
			Continue to assist in the revision of City's Development Code
	<b>Public Works Department</b>		Complete the Aerial Mapping Project
			Complete update to the Development Code
	<b>Community Services Department</b>		Continue to support the Downtown Business Alliance
			Continue the Signage Grant Program and the Pedestrian Sign Program
			Develop an affordable plan to bring wireless internet service to downtown
			Begin publishing a Main Street online newsletter

 <p><b>The City of Huntsville is an attractive city with great parks and full of educational and cultural opportunities.</b></p>		<b>Charter Offices</b>		Fund and continue implementation of Comprehensive Plan
				Continue to provide regularly scheduled pickup of heavy recyclables and clearance of vacant or substandard demolished structures
		<b>Community Services Department</b>		Expand the amount of recreational programs available
				Evaluate and improve current recreational programming
				Create a cohesive program guide for the Community Services Department
				Increase participation in Texas Amateur Athletic Federation
				Contract with sports organizations for service delivery
				Complete Eastham-Thomason Park dog park, gazebo, barrier post and restroom elements/improvements
				Complete Kate Barr Ross Park barrier post and parking lot projects
				Continue to reach mowing schedule goals; implement workflow analysis recommendations
				Adjust scheduling with sports leagues to better meet field maintenance needs
				Complete the first phase of the Mayes Addition Cemetery Road Extension project
				Expand recreation swim time to include extended season access
				Inventory the library collection to improve customer success in locating materials
				Develop a marketing plan to increase public awareness of the library as a resource
				Provide 2,800 hours of class time for literacy students
				Prepare to move forward with the library facility expansion
				Continue marketing plan to attract visitors to the Art Center
				Implement one outreach program from the Wynne Home Arts Center and solidify the on-site programming
				Complete the repainting of the downtown lamp posts
		<b>Public Works Department</b>		Continue to target major entrances into the City for clean-up

# Establishing Our Long-term Goals and Short-term Objectives

## Long Term Goals

## FY 07-08 Objectives

 <div>The City of Huntsville is a well-managed and well-planned community with "best in class" public services.</div> 	<b>Charter Offices</b> 	Fund and continue implementation of Comprehensive Plan
		Continue training and development so as to mature new management team and increase effectiveness
		Initiate ongoing performance auditing. Continue to refine measurables and reporting; Go public with quarterly reporting on the web site
	<b>Administrative Services</b> 	Continue development of contract database for contracts and agreements
		Continue re-codification of Code of Ordinances
		Continue to manage and adjust employee/retiree benefit plan as required by the Government Accounting Standards Board (GASB) Statement 45
		Continue to monitor and manage employee health care costs for employees/retirees
		Continue efforts to improve strategies for recruiting and retaining a qualified workforce
		Improve the tracking of various human resource functions through new software
		Restructure new hire orientations to include information from the City University program
		Conduct employee insurance focus group meetings
		Review vendor purchases City wide in an effort to consolidate purchases using contracts where possible and improving our purchasing leverage
Review City disposal processes and create/communicate auction timelines		
Create a database tracking system that allows City personnel to review/monitor their purchase orders		
Plan, prepare and establish a preventative maintenance (PM) program for generators		
<b>Finance Department</b> 	Conduct a Fleet review/audit to ensure City equipment is safe, right-sized and right-fit for operational efficiency	
	Create an internal auditing process for warehouse inventory so shrinkage is managed and closely monitored	
	Continue to upgrade/reinstate data into Main Boss program so a preventive maintenance program for all City facilities is in place	
	Continue configuration changes of core network equipment to ensure city network remains stable	
	Complete fixed asset reconciliation and module installation	
	Continue emphasis on grant budgeting and reporting to improve process	
	Obtain Comprehensive Annual Financial Report Award for 31st year	
	Obtain Distinguished Budget Award for 21st year	
Review systems and formulate procedures for cash collection stations		
Complete implementation of check scanning and automatic account updates		
Develop more complex reports using new report writer module, mining data from utility billing system		
Continue efforts to minimize utility account charge offs		



# Establishing Our Long-term Goals and Short-term Objectives

## Long Term Goals

## FY 07-08 Objectives



The City of Huntsville is a well-managed and well-planned community with "best in class" public services.



### Public Utilities Department



Install Spring Creek Water Plant filter system
Initiate engineering and design on TRA plant expansion
Continue waterline cleaning program (pigging)
Implement an aggressive water meter change out program
Begin rehabilitation of 2 million gallon hydropillar at Palm Street Water Plant
Upgrade Chlorine equipment at AJ Brown Wastewater Treatment Plant
Create assessment plan for upgrade or rehab of the lift stations
Implement aggressive program of smoke testing of sewer lines
Implement sewer line and manhole rehabilitation program
Upgrade SCADA equipment at lift stations
Upgrade TV inspection program
Develop and implement automated residential collection program
Continue waste minimization through composting, recycling and other methods of solid waste reduction
Continue interdepartmental agreement to collect, transport and dispose of sludge
Complete reevaluation of local wastewater limits
Complete Industrial Pretreatment Program revision
Obtain NELAC certification of Microbiology Drinking Water Laboratory Program
Provide reliable data and reporting efficiency for safe and compliant operation of City water/wastewater utility services










### Public Works Department




Improve management practices with the use of GIS
Transition property mapping to Walker County Appraisal District
Continue the Comprehensive Infrastructure Program
Complete the revisions to the City Standards and Specifications
Continue to improve, review, administer, complete, and document improvements on all construction projects
Implement 5 year CIP program
Organize the CIP program into a more efficient process for budgeting and scheduling
Complete update to the Development Code
Create paperless files for Code Enforcement Cases
Create paperless reports and files for food service establishment inspections
Seal Coat 28.88 lane miles of City streets
Reconstruct 2.15 lane miles of City streets
Overlay 0.23 lane miles of City Streets
Repair 48 inch diameter culvert on Bearkat Boulevard just east of Bowers Boulevard
Replace headwall 14th Street Town Creek crossing

# Measuring Our Effectiveness








<b>Charter Offices</b> 	 <b>Office of City Manager</b> 	% of citizens satisfied with overall quality of life in Huntsville
		% of citizens satisfied with City's communication with citizens
		% of citizens satisfied with City's efforts to plan for the future
		% of citizens satisfied with City's efforts to encourage economic growth
		% of citizens satisfied with City's efforts to maintain a reasonable tax rate
		% of citizens satisfied with city employee's responsiveness
		% of citizens satisfied with the efficiency & economy of service
	 <b>Office of City Secretary</b> 	% of citizens satisfied with City's communication with citizens
		% of citizens satisfied with City's efforts to provide an adequate forum for public input
		% of open records request processed within required time period
	 <b>Office of City Attorney</b> 	% of City Council meeting minutes prepared on-time and error free
		% of open records request processed within required time period
		% of contracts and other documents processed within 30 days
	 <b>Office of City Judge</b> 	% of opinion request processed within 30 days
		% of total cases appealed




<b>Administrative Services Department</b> 	 <b>Human Resources</b> 	% of eligible employees enrolled in benefit program
		% of new hires that successfully complete probation
		% of citizens satisfied with City's efforts to maintain qualified workforce
	 <b>Risk and Safety Management</b> 	% of new assets reported to insurance carrier within 5 days of receipt in Risk Management office
		% of employees attending one or more safety training classes
		% of total employees filing worker's compensation claims
	 <b>Purchasing</b> 	% increase in the number of annual contracts
		% of vendors placed in vendor management program
		% of purchase orders processed within 5 business days
	 <b>Fleet and Warehouse Administration</b> 	level of Purchasing Services customer satisfaction
		level of Garage Services customer satisfaction
		level of Warehouse Services customer satisfaction
		% of shrinkage in warehouse inventory

# Measuring Our Effectiveness



<b>Administrative Services Department</b>		<b>Building Services</b>	→	% of non-emergency service calls responded to within 3 days
			→	% of emergency service calls responded to within 24 hours
			→	level of Building Services customer satisfaction
		<b>Information Technology</b>	→	Average time to resolve help desk request based on priority

<b>Finance Department</b>		<b>Finance</b>	→	% of monthly financial reports released on-schedule
			→	GFOA's Distinguished Budget Presentation Award received
			→	GFOA's Excellence in Financial Reporting Certificate received
			→	Unqualified audit opinion received
			→	City of Huntsville's Bond Rating
		<b>Municipal Court</b>	→	# of warrants served
			→	% of cases disposed/completed
		<b>Utility Billing</b>	→	% of monthly bills posted to customer accounts on-time
			→	# of billing adjustments to correct meter reading and/or billing errors
			→	% of utility accounts with balances more than 30 days past due
			→	Uncollectible account charge-offs as a % of total dollars billed

<b>Public Utilities Department</b>		<b>Water Services</b>	→	Service complaints as a % of total customer accounts
			→	% of water taps completed within 14 days
			→	% of preventative maintenance work orders at water plant
			→	% of Water Production Accountability
			→	% of citizens rating Water Services as good or excellent
		<b>Wastewater Services</b>	→	Service complaints as a % of total customer accounts
			→	# of sanitary sewer overflows
			→	% of preventative maintenance work orders
			→	% of citizens rating Wastewater Services as good or excellent
		<b>Solid Waste Services</b>	→	Service complaints as a % of total customer accounts
			→	waste recycled as a % of total waste brought to Transfer Station
			→	% of citizens rating Solid Waste Services as good or excellent























# Measuring Our Effectiveness



<b>Public Utilities Department</b>			<b>Environmental Services</b>		% of Bacteriological Proficiency Tests performed with acceptable scores of 90% or better with no false negatives
					% of Discharge Monitoring Report Quality Assurance Proficiency Tests with acceptable scores of 90% or better
					Number of "Required Action" Result received from EPA and TCEQ laboratory and pretreatment program audits and inspections
<b>Public Works Department</b>			<b>GIS</b>		# of internal data requests completed
					# of external data request completed
			<b>Planning</b>		% of plats reviewed within 10 days of submittal
					% of citizens satisfied with City's efforts to plan for the future
			<b>Engineering</b>		% of utility permits reviewed within 5 days
					% of capital improvement projects completed within budget
					% of capital improvement projects completed on-schedule
					% of development projects completed
					% on Inter-Departmental programs completed
			<b>Central Inspection</b>		% of inspections performed within 24 hours of request
					% of complaints investigated within 24 hours of receipt
					% of citizens rating Building Inspections Services as good or excellent
			<b>Health Inspection</b>		% of citizens rating Code Enforcement Services as good or excellent
					% of complaints investigated within 24 hours of request
					% of total food establishments receiving a minimum of two inspections
					# of reinspections required as a % of total inspections
					% of citizens rating Health Inspection Services as good or excellent
			<b>Street Services/ Drainage</b>		% of annual line mile scheduled maintenance completed
					% of increase (decrease) in tons of hot mix used for street failure patches
					% of emergency calls responded to within 4 hours
					% of citizens rating Street Maintenance Services as good or excellent
<b>Community Services Department</b>			<b>Recreation</b>		% of citizens rating Drainage Maintenance Services as good or excellent
					% change in in-house recreation program participation
					% change in contracted recreation program participation
					% of citizens rating recreation services as good or excellent

# Measuring Our Effectiveness



<b>Community Services Department</b>				<b>Parks Maintenance</b>		% of parks maintenance completed on-schedule
						% of time spent on improvements to parks/recreation facilities
						% of time spent on special projects (non-maintenance related)
						% of citizens rating parks maintenance services as good or excellent
				<b>Aquatic Center</b>		% of succesful water quality tests
						# of reported injuries as a % of total annual customers
						% of citizens rating aquatic services as good or excellent
				<b>Library</b>		Rate of collection turnover
						% of collection less than 5 years old
						Circulation per capita
						% increase (decrease) in literacy program student hours
						% increase (decrease) in adult program attendance
				<b>Cultural Services</b>		% increase (decrease) in children's program attendance
						% of citizens rating library services as good or excellent
				<b>Main Street</b>		% increase (decrease) in visitors to Wynne Home
						% increase (decrease) in number of events/activities held
						% increase (decrease) in number of community activities/rentals
						% of citizens rating cultural services as good or excellent
				<b>Police Services</b>		% of occupancy in the downtown district
						% of total downtown businesses participating in the Downtown Business Alliance
						% of increase (decrease) in participants in Main Street events/programs
						% of citizens rating Main Street services as good or excellent
<b>Public Safety Department</b>				<b>Fire Services</b>		# officer initiated calls as a % of total calls
						% of cases rejected by the District Attorney
						% of citizens rating Police Services as good or excellent
						% of citizens rating Animal Control Services as good or excellent
						# of buildings inspected as a % of total buildings
						Average # of training hours received per firefighter
						% of citizens rating Fire Services as good or excellent